The

young business men and merchants are proud of their country and are inclined to be annoyed by visitors who confine their attention to the antiques and "quaint" sights of Bahrain, ignoring modern buildings and new enterprises. Graduates of Bahrain and foreign schools are go-ahead in their outlook and are determined to modernise Bahrain as much as possible; for this purpose they are willing to break with many of the traditions of the past, which are so often of interest to Europeans and Americans. Despite this, the young men of Bahrain appreciate meeting the foreigners who live in or visit their country.

CHAPTER III

THE STATE

BAHRAIN has been in treaty relations with the British Government since 1820. Its relations with the British Government and with other foreign governments are conducted through the British Political Agent in Bahrain. Bahrain is also the headquarters of the Political Resident in the Persian Gulf, who lives at Jufair.

The Head of the State is His Highness Shaikh Sulman bin Hamed al-Khalifah, K.C.M.G., K.C.I.E., who was born in 1894, the eldest son of the late Ruler, Shaikh Hamed bin' Isa al-Khalifah, K.C.I.E., C.S.I. He succeeded his father in 1942 and has three sons: Their Excellencies Shaikhs 'Isa, Khalifah and Muhammad, and seven brothers. Shaikh Sulman is the tenth Shaikh of the Khalifah family to rule in Bahrain since it was conquered by his ancestor Shaikh Ahmed bin Khalifah in 1782.

The form of government can be described as a benevolent autocracy; the Ruler governs his State through Arab and British officials, who are in charge of the various departments of State, and by means of councils and committees consisting of elected and nominated members representing the different communities. Shaikhs of the Ruling Family preside over many of the councils and hold posts in the administration.

The principal government departments are the Adviserate (The Secretariat), Customs, Education, Electricity, Finance, Judical, Lands, Police, Public Health, Public Works, Passports, Religious Endowments etc., etc. In the towns of Manama, Muharraq, Hedd and Rifaa there are municipalities; the first of these was established in Manama in 1920.

The revenue of the State is mainly derived from oil royalties, including payments on oil which is imported for refining, and from customs dues on imports. There is no income tax and no land tax but in the towns there is a small municipal tax on houses, shops and places of business. The revenue of the State for the year 1370 A.H. (October 1950—October 1951) was Rupees 25,155,700 (£1,866,000) and the estimated revenue for 1372 (September 1952—September 1953) is much greater owing to a revision of the oil payments by which the

Bahrain Government receives 50% of the profits of the oil industry. 652
The Eastern Bank, since it was established in 1919, has served as the State's Treasury and a Budget is published every year showing the revenue and expenditure of the State.

The Customs Directorate is in the centre of the Manama sea front 651
and there are subsidiary offices in Muharraq Town, at the Airport 439
and at Sitra. All goods of any kind which are imported or exported 504
must pass through the customs. The Customs Pier at Manama, which was originally built in 1917, has frequently been lengthened and enlarged and now extends for a quarter of a mile out to sea. Owing to shallow water, vessels in the Manama harbour have to anchor some three miles from the shore and passengers and cargo are conveyed to and from the steamers by launches, barges and sailing dhows. The port and storage facilities in Bahrain are better than elsewhere in the Gulf and importers are allowed to retain their goods in the customs premises for ninety days before re-exporting them. There are usually about 90-100 sailing vessels and launches alongside and anchored off the pier, these come from other Gulf ports, from the west coast of India and from the Red Sea. Walking down the customs pier one sees many interesting types of vessels and sea-faring Arabs from all parts of the Gulf and beyond it.

On the west of the entrance to the Pier is the Passport Office. 486
Passport Officials go aboard all passenger vessels and are present at the Airport when aircraft arrive. Bahrain has had its own passports since 1929.

On the south side of the Square, which has a little garden in the 344
centre of it, is the "Bab al-Bahrain," the Gateway of Bahrain, consisting of two large blocks of office buildings with an archway in the centre. On the south side of the western block there is a fine old Arab door and on the balconies of the buildings as well as around the garden in the Square there are cement panels containing Arabesque patterns copied from old buildings in Bahrain.

The Bab al-Bahrain contains the finance and accounts department 344
where all payments to the Government for electricity, water, etc., etc., 655
are made, the Land Department which deals with sales and registration 423
of property and questions about boundaries and ownership of land, the registration of sales being compulsory, and several other government offices. His Highness has a reception room overlooking the 643
square on the first floor of the building where he sits on Wednesday mornings. Here he receives any visitors who wish to call on him and sees people who present petitions. On Monday mornings he visits the Municipal Buildings at Muharraq where he holds a similar reception.

East of the Customs, on the sea front, is the Law Courts Building 692
which contains a number of different courts including religious courts presided over by the Qadis of the Sunni and Shia sects. Certain foreigners, including British, Americans, Pakistanis and Indians are under the judicial authority of H.B.M.'s Political Agent. In mixed

505 ment with launch or dhow owners, but it should be remembered that some of them are private property. Umm as-Sabaan is the private 423 property of Mr. Max W. Thornberg, Jidda being a penal settlement, 486 is forbidden ground, and Umm an-Nasaan may only be visited with permission of H.H. The Ruler. The others, the small islands south of Muharraq, Nebih Salih, Jezira and the Howar islands are free to all visitors and a visit to them makes a change from drives around the islands.

489 Transport in Bahrain includes both bus and taxi, the former are not 493 the luxurious affairs seen in Europe and England but have wooden bodies built in Bahrain and attached to an imported chassis. Taxis, however, are not too expensive if care is taken to pay the correct fare which is recorded in a fare book that should be carried by every driver. It is rumoured that taxis will soon carry meters, which will certainly simplify matters, but till that happy day passengers who have complaints to make about being over-charged should make them to the Traffic Department of the State Police.

435 Petrol and oil are cheap in Bahrain, which is not surprising, and the 493 import tax on cars and motor cycles is only 10%, so that to own and run a private car is cheaper than in England or the States, as many fortunate 651 people have discovered. Most makes of cars are obtainable in Bahrain, garage facilities have increased and the improvement in the roads has enabled English cars to be used with comfort.

492 The old-fashioned form of transport in Bahrain was the donkey. 489 It was used for every task, for bringing the produce of the country for sale in the town, for pulling carts and for riding. The white Bahrain donkeys used to be well known all over the Middle East and they were exported from Bahrain to places as far distant as the East African coast. Today buses are replacing donkeys, there are bus services between most of the villages, though many of the young men prefer to use bicycles. Lorries too have successfully competed with donkeys and now carry most of the goods between the towns and villages, but in the gardens and in the narrow country lanes one still meets many donkeys though few of the fine white beasts for which the islands were famous long ago. However, the donkey will never entirely die out, for he has certain advantages over other methods of transport, he can reproduce young donkeys, he can find his own way along small and narrow tracks in the gardens and he produces manure, which is a valuable commodity in Bahrain.

CHAPTER V

BAHRAIN'S OIL INDUSTRY

315 THE man who was chiefly responsible for the discovery of Bahrain's 471 oil resources was an Australian, Major Frank Holmes, who came to Bahrain on behalf of the Eastern and General Syndicate, a British prospecting company. Major Holmes, after drilling a number of artesian wells and thus discovering something about the composition

The use of Indian stamps overprinted "Bahrain" dates from the 10th August, 1933, but the first set was replaced in the following year and the S.G. (Stanley Gibbon's Catalogue) No. 9, 4 anna value, is quite hard to obtain and is sometimes confused with the 4 anna No. 19, although the latter does not bear the word "revenue." Following the issue of new Indian stamps in 1937 the set was overprinted for use in Bahrain in 1938; six stamps of this set are pictorial and most attractive, showing the history of the postal service in India. A new Indian issue in 1940 was overprinted for use in Bahrain in 1942 and continued in use until India and Pakistan obtained their independence, whereupon the Bahrain Post Office changed from being part of the Indian postal system to being a branch of the British G.P.O. Following this change British overprinted stamps were issued on the 1st April, 1948.

1948 was a prolific year for stamps. On 26th April the Royal Silver Wedding issue was overprinted for use in Bahrain, and on 29th July the stamps commemorating the Olympic Games were issued. 1949 was the 75th anniversary of the Universal Postal Union, and in common with most countries, an issue of four stamps was overprinted for use in Bahrain. 1950 saw the issue of one stamp, a 4 anna value, but in May of the following year five low value stamps in the Universal Postal Union colours were issued, together with new designs of the three high-value stamps of the United Kingdom.

There has never been a postage due stamp in Bahrain, a rubber stamp has served the purpose. Recently an air letter form was issued as a trial and became very popular, so that sales exceeded all expectations. Bahrain stamps are in considerable demand, but owing to the smallness of the internal mail and the popular use of franking machines Bahrain stamps are far from easy to find. The most valuable Bahrain stamp is the 2½ anna Olympic Games issue with a double overprint of which only half a sheet of unused stamps has come to light. The S.G. No. 42, a 1 anna 3 pies value, in good used condition, is also a very hard stamp to obtain and is worth more than the current catalogued price.

Although revenue stamps are not collected by the majority of philatelists, those of Bahrain are of interest by reason of their attractive designs, which are of Bahrain scenes and activities. The 4 anna value shows an old peddler weighing out his goods, the 8 anna value a section of Manama and some sailing boats, the 1 rupee, an Arab with his two means of hunting, the falcon and the salugi; the 5 rupees shows a pile of pearl shells, the 10 rupees a donkey carrying skins of water, the 50 rupees a pair of camels and the 100 rupees, date palms.

At the time of writing a new set of revenue stamps were in the process of printing, of the following values: 4 annas, 5 rupees, 10 rupees, 50 rupees and 100 rupees. All bear the head of H.H. The Ruler and in addition the four high values have the Suq al-Khamis Minarets, The Rifaa Palace, the Sitra Pool and a sailing boat as designs.

1: Belgrave F-3 (no date) 1953 MZ2 Bahrain MZ2

first payments of oil royalities came at a critical time in Bahrain's history, when it was suffering from the effects of a slump in the pearling industry, and they enabled the State to continue its public works and social services. Apart from increasing the cost of living and causing a shortage of foods, the 1939-45 war had no direct effect on Bahrain, with the exception of a long-range bomber raid carried out by the Italian Air Force on the oil installations of Bahrain, and this attempt failed.

On February 20, 1942, Shaikh Hamed died, and was succeeded by his son, Shaikh Sulman bin Hamed al-Khalifah, the present ruler, under whom the march of progress in Bahrain has continued. The story of modern Bahrain and the activities of the Bahrain Government are described in Chapter III of the First Part of this book.

NOTES

[1] Durand, "Extracts from Report on the Islands and Antiques of Bahrain," with notes by H. C. Rawlinson, in *Journal of Royal Asiatic Society*, 1880.

[2] de Goeje, M. J., *Memoire sur les Carmathes du Bahrain et les Fatimides*, 1886.

[3] Idrisi, *Troisieme Climat-Sixieme Section*, translated by P. A. Jaubert, p. 373.

[4] Belgrave, C. D., "The Portuguese in the Bahrain Islands," *Journal Royal Central Asian Society*, 1935.

[5] Whose work is in the possession of a Bahraini historian.

[6] An-Nabhani, Muhammad, *Tarikh al-Jazirat al-Arabiya*, 1923, p. 125.

[7] Kennier, J. M., *Memoire on the Persian Empire.*

[8] For details of this and subsequent treaties between the Bahrain rulers and the British *see* Aitcheson, *Collection of Treaties, Engagements and Sanads relating to India and neighbouring countries*, vol. xi, 1933.

1: Belgrave F-3 (no date) 1953 MZ2 Bahrain MZ2

CUSTOMS REGULATIONS

439 There is usually little difficulty in importing goods into Bahrain, except the following, which are not allowed :—

656 (a) Arms and Ammunition,

651 (b) Alcoholic and intoxicating liquors (except under licence).

(c) Cultured, bleached or tinted pearls and undrilled pearls produced outside the Persian Gulf,

(d) Obscene, indecent or seditious literature or pictures,

(e) Dogs, except with special permission of the Director of Customs which will only be granted in the case of dogs accompanied by a veterinary surgeon's certificate of innoculation against rabies.

(f) Counterfeit coins,

(g) Opium and its allied products and cocaine and its allied products.

Books and printed matter, gold and silver bullion and coinage, samples, undrilled Persian Gulf pearls, implements and tools of trade for the use of the traveller are exempt from customs duties. For those arriving for the first time in Bahrain to take up residence, household effects, new clothing, silver and plate are also exempt from duties.

[206] All travellers may bring into the country not more than 100 cigarettes, 50 cigars or ½ pound of tobacco, the containers of which must have been opened.

651 All other goods are liable to a customs duty. The duty on tobacco and liquor is 15%, luxuries pay 10% and necessities, 5%, but prospective travellers should not depend upon this as a hard and fast rule but are advised to ascertain the rates for each article. The Bahrain Government published a Customs Ordinance in 1950 in the form of a booklet, price Rs.2, which is obtainable from the Director of Customs, Manama, Bahrain.

LANGUAGES

191 The official language of Bahrain is Arabic, but some English is spoken in most parts of the State; it is usually possible in cases of difficulty to find an English-speaking Arab

On the other hand the Arabs much appreciate foreigners who take the trouble to learn even the rudiments of their language, which, it must be admitted, is very difficult. For this purpose possibly the best book in print is Van Ess's *Spoken Arabic of Irak*. There are, of course, many other excellent books on Arabic, but for conversational purposes the one above approaches nearest to the particular brand of Arabic spoken in Bahrain.

PASSPORTS AND VISAS

486 All intending visitors to Bahrain are required to have passports endorsed for Bahrain, and in addition they should apply for an entry

visa either directly to the Bahrain Government or to the nearest British Consulate which will, after reference to the Bahrain Government, accept or reject the application on the latter's behalf. Passengers arriving in Bahrain without visas are likely to find themselves on the next plane outward bound. 486

Travellers from Bahrain who require visas for other countries must apply for them to H.B.M.'s Political Agency. In some cases the Agency is able to issue these visas on behalf of the foreign countries, but in the case of others it will be found necessary to apply for visas directly to the nearest consulate of the country concerned. H.B.M's Political Agency are in a position to inform prospective travellers about the latest regulations on this subject.

TAXES

There is no income tax in Bahrain, but for owners of houses and other premises within the Municipal areas of Manama, Muharraq, Hedd and Rifaa there is a small Municipal tax. 651

WATER AND ELECTRICITY

Within the Municipal area of Manama both water and electricity is provided by the State. 312 377

Within the Municipal area of Muharraq electricity only is provided by the State. 655

Rates for these amenities are as follows :—

Electricity.	*Water.*
First 50 units per month, 4 *annas* per unit.	1,000 gallons *Rs.*1 *As.*14.
Next 200 units per month, 3 *annas* per unit.	Meter rent, 8 annas per month.
Over 250 units per month, 2 *annas* per unit.	Minimum charge, *Rs.*1 *As.*14 per month.
Meter rent 8 *annas* per month.	
Minimum charge *Rs.*1 or 4 units per month.	

CURRENCY

Local currency in use in Bahrain at the time of writing is the Indian Rupee, worth, at the current rate of exchange, 1/6d. 436

Coinage is as follows :—

12 pice make 1 anna.
4 pies make 1 anna.
16 annas make 1 rupee.

The following coins and notes are in circulation :—

1 pice (1/12 anna)	.. copper	1 rupee ..	nickel and note
1 pie (¼ anna)	.. copper	2 rupees ..	.. note
1 anna ..	nickel and brass	5 rupees ..	.. note
2 annas ..	nickel and brass	10 rupees ..	.. note
4 annas ..	.. nickel	100 rupees	.. note
8 annas ..	.. nickel		

REVIEW OF 1372

000 The two most important events during the year were the conclusion of a new oil agreement between the Government and the Bahrain Petroleum Company and His Highness Shaikh Sulman's first visit to Europe to attend the coronation of Her Majesty Queen Elizabeth.

471 651 439 The new oil agreement was on a 50—50 basis on the same lines as other agreements which have recently been made between governments and oil companies in the Middle East, it also provided for a payment to the State on oil imported into Bahrain for refining. As a result of this agreement the total revenue for the year under review was 373¼ lakhs of rupees, approximately £2,800,000, though the new scale of payments was not in operation throughout the whole of 1372.

652 657 Expenditure was higher than in 1371. Excluding the one third of the oil revenue, which is paid to the Privy Purse, 48 per cent. of the State's expenditure was on social and public services; Education, Public Health, Public Protection and grants to Municipalities absorbed 18¼ per cent., 15-3/8 per cent., 10-4/5 per cent., and 3 per cent. respectively, including capital expenditure on new schools, dispensaries and police quarters. The demand for more schools and hospitals is continuous and insistent but few Bahrain people realise the heavy recurrent cost of medical and education services which can be maintained on the present scale only as long as the present revenue continues.

651 511 342a 471 Trade flourished and the revenue from customs was higher than in the previous year; during recent years customs collections have risen annually. Local prosperity was apparent from what might be described as a building boom. Many new houses and shops were built in the towns and suburbs by private enterprise. The type of house varied from European style bungalows and blocks of flats, built by merchants and shaikhs for letting, to small stone houses which are gradually replacing barastis, palm branch huts. Several serious fires in barasti areas, which destroyed many dwellings, gave an impetus to building. Working men who owned pieces of ground built small houses and the Government received hundreds of applications from people who wished to buy building plots. Unfortunately the Government owns very little land in and around the towns, much of it having been given away or sold cheaply many years ago.

511 167 161 The standard of living in Bahrain is very much higher than it was a few years ago and the health of the people is noticeably better than it used to be. For these reasons and owing to a steady influx of foreigners, mostly from Oman and the Trucial Coast, who come to Bahrain to work, it is believed that there has been a substantial increase in the population which at the time of the last census, in 1950, was found to be 110,000.

578 The state of public security was good in spite of the presence of large a number of foreigners who are not as naturally law abiding as the people of Bahrain. There were no political or labour disturbances.

648 439 Relations with Quatar deteriorated owing to incidents connected with the visit of a party of Bahrain schoolboys and school teachers to Zubara during the Spring holiday. The commercial development of Qatar tended to reduce Bahrain's transit trade and deprived some of the Bahrain merchants of agencies which used to include both Bahrain and Qatar. Relations with Saudi Arabia and Iraq were friendly, a deputation headed by Shaikh Isa bin Sulman, His Highness's eldest son, represented Bahrain at the coronation of King Faisal in Baghdad.

DIVING INDUSTRY

228 464 There is little to report on this subject. Under present conditions it seems probable that in a few years the diving Nakhudas will find that it is impossible to obtain any recruits for diving in Bahrain. During the season only 12 boats went out to the banks from Bahrain and most of the divers who were engaged were from Persia and the Trucial Coast. So much money can be earned on shore that few men are willing to leave their shore jobs in order to dive during the summer months.

651 439 228 The tax on imported pearls imposed by the Government of India was in force throughout and after the diving season and this contributed to a large extent to the slackness in the pearl trade. Taking into consideration the small number of boats employed in diving the catch was moderately good and pearl prices were not much lower than in the previous season.

MEDICAL DEPARTMENT

1372

(Report by Dr. R. H. B. Snow, M.B.E., Senior Medical Officer)

Summary of the Year

185 751 A change is gradually infiltrating and making itself evident in the scope and policy of medical work which is increasing in every department and subconsciously affecting the life of the Island. Traditions are now being established which the new generation are growing up with, and health ideas which once were revolutionary are now accepted as the normal course of reasonable upbringing.

657 The medical department which started in a small way, and expanded slowly is seeing results which are very satisfying but which are taken for granted, although they took years of striving to achieve. From its small beginnings and tiny nucleus of key staff it has now spread out from something rather personal to more of a departmental outlook. This in the course of things is bound to be, but its danger is that lack of co-ordination may develop or that the department may absorb the individual expression. At present there seems to be no signs of this because the various heads of departments meet together continually to exchange ideas and align themselves in a common policy, and also they are readily accessible to the public.

743 758 Lines of expansion have shown themselves everywhere. The surgical work has been given great impetus by the advent of an F.R.C.S. specialist, Mr. R. D. Wilkins.

The operation theatre now runs a staff rota for every 24 hours of the day, made possible by recruiting Sister Ford and Sister Johnson from England. Sister Edwards was appointed to the Nursing Home to replace Sister Millson. The X-Ray department has an English Radiographer in charge—Mr. Havey. The Laboratory has a staff of six technicians. Four new Indian doctors arrived, one lady doctor for the Women's Hospital, and the others, male, were appointed to the Boys' Schools, The Port, and the Hospital. Mr. Burgin replaced Mr. Hanvey as Public Health Inspector, and Mr. Nambiar became the new Anti-Malaria Supervisor. Both hospitals recruited many more Indian trained nurses. The lack of sufficient staff has now been made good and at present meets all needs which recently have been very pressing. It meant also that more specialised apparatus could be installed being safely handled by expert hands. Such things include a more powerful X-Ray plant, a modern anaesthetic apparatus to administer all gases and curare, an electro-cautery unit and an electro-cardiograph.

MUNICIPALITIES

MANAMA MUNICIPALITY

(From the report of Mr. Mohamed Saleh Shater, Secretary of the Manama Municipality)

633 795 At the beginning of the year, owing to sectarian differences between Sunni and Shia members in 1371, which caused the resignation of the Shia members, Municipal affairs were being dealt with by a committee of Sunnis. This was the situation until the middle of the year when the Government succeeded in persuading the Shia members to resume their duties on the Council. They returned on the understanding that they would serve for only one year after which an election should be held.

During the latter part of the year the Council functioned in a more or less normal manner; by shelving all matters which might cause controversy between the sects the Council succeeded in performing its duties without serious differences. The situation, however, was not satisfactory.

633 **Finance.** The Financial Committee which drew up the budget was formed from the temporary Sunni committee. Estimated revenue for 1372 was Rs. 7,04,000 and expenditure was assessed at the same figure. The actual revenue exceeded the estimate by Rs. 1,16,000, the expenditure was Rs. 61,000 more than was expected and at the end of the year a surplus of revenue over expenditure amounting to Rs. 61,000 was added to the Reserve which was then Rs. 2,83,000.

651 427 The increase in revenue was due to a great extent to higher receipts from house and shop taxes. There were many new buildings in the town and higher rents were charged for existing buildings, both for houses and shops. House taxes and shop taxes on buildings which are leased are charged on a percentage basis of the rent. Taxation on houses which are occupied by their owners is extremely low in comparison with that of rented premises. A large proportion of the rented houses are occupied by foreigners and most of the houses in which the owners live are occupied by people of the country.

425 653 368 During the year the Municipality sold land to the public at the price of Rs. 35,200 and it purchased a new fire engine for Rs. 48,000. The Government presented to the Municipality a motor-driven trailer fire pump and jeep, a rubbish carrying vehicle and a gully emptying vehicle.

364 **Municipal activities.** Town cleaning was effected during the year by two trucks and 30 donkey carts, town rubbish was utilised to reclaim a large portion of sea on the shore at Hora, opposite Cable and Wireless premises. The method of employing donkey carts to carry town refuse is not a satisfactory one. An order was placed in England during the summer for small rubbish-carrying vehicles which can be used in narrow streets.

363 A number of roads in the town were metalled, the area dealt with was about 380,000 square feet on which was used 480,000 cubic feet of stone and 105,000 cubic feet of sand, the whole costing approximately Rs. 1,76,000.

363 247 Some progress was made in widening streets in the bazaar area, 112 new street lights were installed and more trees were planted on the roads, unfortunately each year a number of trees are destroyed, by wind or sometimes by rain which when it falls strongly seems to kill both plants and trees.

362 427 There was much building activity both in the town and on the outskirts of the town, numbers of small houses were built for occupation by their owners and more European style bungalows and flats were built for letting. House rents are excessively high, landlords expect to recover the cost of their property in less than ten years, so building houses for letting is at present a profitable investment. However, so many houses are now being built that it seems possible that in a short time there may be more houses than tenants.

633 342 During the year permits for new buildings were issued by the Municipality for 144 stone houses and 100 barasti huts and permits for repairs and additions to 186 shops and 717 houses were also granted.

1 [A.D. 1951-52, - Analyst]

[Manama Municipality]

368 The Municipal fire service was called out to deal with 34 fires, some of them occurring in Muharraq and in the villages. The incidence of serious fires was higher than it has ever been before.

633 Among the routine activities carried out by the Municipality was the inspection of 28,462 sheep and goats, 3446 head of cattle and 47 camels, which comprised the meat supply during the year. Pauper burials were provided for 48 persons; this in the past was a rare event, the increase in the number of cases is partly due to there being so many foreigners in Bahrain. Two pieces of low-lying land on the south of the town were raised by a filling of stone and sand, at the owner's expense. A stone wall 1,750 feet long and 5 feet high was built, in the sea, at Government expense, to surround an area of sea which is being reclaimed by filling with town rubbish covered with sand.

The Municipality issued 1,550 permits for building, 884 notices were sent out to people requiring them to repair drains and sewers and 23 cases were filed in the various courts. The temporary council met 21 times and there were 41 meetings of sub-committees.

633 651

STATEMENT OF REVENUE AND EXPENDITURE, 1372 †

Revenue			Expenditure		
Shop Tax	Rs. 284,817 10 6		Staff Salaries P. Fund, etc.	Rs. 138,183 12 6	
House Tax	244,964 15 0		Office Expenses	7,358 11 0	
Government Grant	100,000 0 0		Town Cleaning	239,742 2 0	
Local Cart Tax	5,991 8 0		Town Lighting	43,009 6 0	
Slaughterhouse Fees	27,015 0 0		Road Metalling and Repairing	176,895 13 3	
Rent of Municipal Property	32,591 12 0		Widening Roads	10,543 4 0	
Miscellaneous taxes and fees	116,652 2 6		Pauper Burials	3,380 0 0	
Licences of professional trades	8,082 4 0		Upkeep of Municipal property	9,642 8 0	
	820,115 4 0		Muharraq shares in certain taxes	25,540 3 0	
			Upkeep of Public W.C's and rubbish bins	4,259 12 0	
			Miscellaneous	7,950 7 6	
			Fire Service, Road Spraying and Trees Watering	72,969 1 8	
			Planting street trees, and square gardens	22,106 4 0	
			Slaughterhouse expenses	3,565 0 0	
				765,146 4 11	
			Surplus of Revenue	54,968 15 1	
Total	Rs. 820,115 4 0		Total	Rs. 820,115 4 0	

Cash in Bank at the end of 1371	Rs.	255,997 5 0
Cash in Bank at the end of 1372		283,387 8 10

MUHARRAQ MUNICIPALITY

(From the report of Mr. Ibrahim Khalfan, Municipal Secretary)

633 652 **Finance.** When the 1372 budget was made a deficit of Rs. 1,59,000 was anticipated. As usual the Finance Committee of the Council planned to spend very much more than they could possibly hope to receive. This year, however, the reckless financial methods of the Council met with more success than they deserved as His Highness Shaikh Sulman made a special grant of 1 lakh from the Privy Purse to the Muharraq Municipal funds. Owing to this unexpected windfall instead of ending the year with a deficit of almost a lakh the revenue exceeded the expenditure by over Rs. 3,000/-.

† [A.D. 1952-53 -- Analyst]

[Muharraq Municipality]

651
633

There was a small increase in house tax collections but the sum of Rs. 3,370/-, owing to the Municipality, was written off as most of the 853 persons who were indebted had left Bahrain, which suggests some laxity on the part of tax collectors. Shop taxes, including market tax, produced less than in 1371. Shops are divided into two categories and pay Rs. 2/- and Rs. 1/8 per month, which is a very low rate, they should be assessed according to the rentals.

633
363

The total expenditure was Rs. 3,23,600, it was Rs. 66,000 less than the estimated expenditure but exceeded the previous year's expenditure by Rs. 83,000. The largest item of expenditure was on widening roads and most of this amount was spent on compensating house owners for cutting part of their property.

363
365
633

Municipal Activities. Two roads were surfaced with cold patch and another road was metalled and surfaced by the P.W.D., 58 new street lights were installed. The usual town cleaning services were effectively carried out and Municipal Officials were active in supervising the sale of fresh fruit and in inspecting animals in the slaughterhouse.

633
342

During the year 16 new stone houses were built and 1,500 permits were issued for repairing stone houses and shops. Only 53 permits were issued for building or repairing baristis, as against 200 in the previous year. There were 285 unoccupied houses and compounds.

There was some building activity on the northern edge of the town where building plots have been bought from the Government and from the Municipality by persons wishing to build stone houses.

367

On his return from England His Highness decided that a public garden should be made on the north side of Muharraq on a large triangular piece of land which was reclaimed from the sea shore by being filled with town rubbish.

633
651

The Finance Committee at the end of the year again submitted a budget showing an anticipated deficit of Rs. 86,000.

STATEMENT OF REVENUE AND EXPENDITURE, 1372

Revenue				Expenditure			
House Tax	Rs. 41,169	3	9	Staff Salaries	Rs. 72,698	3	6
Shop Tax	23,860	9	0	Office Expenditure	3,450	0	0
Government Grant	1,00,000	0	0	Transport	41,010	0	6
H.H. Grant*	1,00,000	0	0	Upkeep of Roads	55,874	7	0
Wood, Ghee and Sheep Tax	26,673	3	6	Widening of Roads	91,834	4	0
Rent of Municipal property	20,731	5	0	Town Cleaning	43,050	8	6
Building and Masoé fees	3,928	8	0	Town Lighting	4,531	1	0
Miscellaneous Taxes and Fees	9,248	7	0	Upkeep of Public Wells	2,180	6	0
Water Rent	1,699	0	0	Pauper Burials	5,104	0	0
				Miscellaneous Fees	3,190	3	0
				Upkeep of Municipal Property	373	12	0
				Poor Relief	381	2	0
					Rs. 3,23,678	0	6
				Surplus of Revenue	3,632	3	9
	Rs. 3,27,310	4	3		Rs. 3,27,310	4	3

*Rs. 70,859/- was paid direct to the Government to settle its outstanding account.

HIDD MUNICIPALITY

651 633 **Finance.** The total revenue was Rs. 28,739, slightly higher than in 1372. At the end of the year there was a surplus of Rs. 6,102. The amount expended was almost the same as in the previous year. At the end of the year His Highness granted Rs. 25,000 to the Municipal funds for building property to increase the Municipal revenue.

The town was clean and well kept and some progress was made in widening the one main street which passes through the length of the town.

RAFAA MUNICIPALITY

which includes East, West and North Rafaa

(From the report of Shaikh Abdulla bin Khalid, President of the Municipal Council)

651 633 363 This Municipality, the last one to be formed in Bahrain, having been established in 1371, carried out its duties successfully during the year. Its revenue was Rs. 37,000 of which Rs. 20,000 was a grant from the Government.

Houses were registered and numbered for the purpose of charging house tax and a piece of land below East Rafaa was laid out as a building area, in conjunction with the Land Department. The Municipality began work on widening the road which passes through East Rafaa and removed part of some houses in order to widen this road.

365 Repairs were carried out to Ain Hinainiyah, the old well on the plain below East Rafaa which provides fresh drinking water, which used to be sold in Manama at a high price, being of superior quality to the artesian well water.

364 Ancient rubbish heaps, which disfigured the edge of the town, were removed and the material was used to fill in deep pits, inside the town, where mud had been dug for building houses.

The Municipality began tb establish a regular town cleaning service.

MINORS' ESTATES DEPARTMENT

(From the report of Mr. Mohammed Dowaiger, Superintendent of the Department)

471 657 The Department took over the administration of 18 new estates and dealt with 28 compensation cases relating to persons in the employment of the Bahrain Government and the Bahrain Petroleum Company. The value of the estates was Rs. 131,000. Compensation paid by the Bahrain Petroleum Company in cases of death or disablement of employees is passed by the Government to the Minors' Estates Department which pays the persons who are entitled to receive compensation.

657 427 Rents of property administered by the Department produced almost 2 lakhs, the number of properties, including shops, houses, gardens, etc., was 530. The Department sold nine lots of property during the year, for approximately half a lakh and made purchases amounting to Rs. 9,000. The sum of Rs. 15,000 was recovered from divers who were in debt to various estates.

[Minor's Estates Department]

657 736 Disbursements for maintenance amounted to Rs. 108,800, almost exactly the same sum as was paid out in the previous year. At the beginning of the year the number of orphans and widows who were drawing allowances was 442, of these 36 attained majority and took over their property, cash payments to them totalled Rs. 182,500.

657 652 The Department built four houses in Manama and Muharraq and carried out repairs to a number of other buildings, the expenditure under this heading was Rs. 78,000.

As usual the funds held by the Department together with funds placed at its disposal by the Government were given out on loan to the public, at interest, secured by title deeds of immovable property or gold. The rates of interest charged by the Department are low in comparison to those prevailing in the market.

During the year the Government placed with the Department a further 2¼ lakhs, making its total deposit Rs. 10,80,000.

Interest on loans collected during the year was Rs. 1,46,000, there is a scale of interest depending upon the amount of the loan, the average rate of interest during the year was 6 per cent.

Loans repaid to the Department during the year amounted to Rs. 19,29,000, about 3 lakhs more than in 1371, new loans, made to the public, were approximately 24¼ lakhs. At the end of the year 24¼ lakhs were on loan to the public.

DEPARTMENTAL ACCOUNT

Receipts			Expenditure		
Balance from 1371	Rs. 16, 585 6 10		Maintenance allowances, etc.	Rs. 1,08,876 9 0	
From estates and compensation cases	1,31,249 1 8		Purchase of properties	9,330 0 0	
Rents	1,96,394 13 4		Upkeep of buildings and additions	78,325 15 11	
Refund of Loans	19,29,600 0 0		Payments to the beneficiaries	1,82,511 10 0	
Interest on Loans	1,46,040 0 0		Loans advanced	24,40,250 0 0	
Deposits	2,09,051 12 5		Balance in the Eastern Bank	1,25,205 9 1	
Loan from Government	2,50,000 0 0				
By sale of properties	50,451 4 3				
Debts recovered	15,127 5 6				
Total	Rs. 29,44,499 12 0		Total	Rs. 29,44,499 12 0	

LAND REGISTRATION DEPARTMENT

(From the report of Mr. Abdul-Aziz Al Saleh, acting Superintendent of the Department)

428 651 425 **Land Registration.** There were 1,072 transactions during the year which included 628 sales, 262 registration of titles and 182 gifts; the properties which were dealt with consisted of 273 plots of ground, most of them being building sites, 82 gardens, 47 shops and 26 miscellaneous lots. Fees amounting to Rs. 1,27,975 were collected of which Rs. 1,20,781 was derived from sales and Rs. 7,194 from registration of titles, etc

Sales and Land Values. The aggregate value of the property which was sold was approximately 40 lakhs, £300,000. In the previous year prices reached a somewhat higher figure but they included several sales of large areas of land on the edge of Manama. There has been no fall in land prices and there are no indications of a change in the situation. High prices are still being paid for building sites in Manama on which European style houses, flats and bungalows, are being built, which are let at excessively high rents. When the demand for houses of this type begins to lessen then rents will decrease and there are some signs that this event is not far off, several recently built houses have "To Let" notices on their doors. At present as much as Rs. 1,000/- per month is being charged for a three-bedroom, dining-sitting-room bungalow on the Jufair Road.

A recent satisfactory development has been the demand by working class men to buy small building plots in Manama, Muharraq, Hidd and Rafaa. The building loan schemes of the Government and the Bahrain Petroleum Company have stimulated this development. At one time people were satisfied to live in hired houses or barastis for which they paid rent but now, partly owing to the rapaciousness of landlords and partly because it has become everyone's ambition to own the house in which he lives, there is an active demand for plots of ground on which small houses can be built. Unfortunately the Government owns very little land in and around Manama and nobody wishes to live even at a short distance from the bazaar, the schools and the cinemas.

The most important sales were an Arab style house in the southern district of Manama, on Shaikh Isa Road, which was sold for Rs. 200,000 and a plot of land in the Qudhabia district which was bought by the Government as a site for workmen's dwellings for Rs. 2,57,000, at Rs. 2/5 per square foot. The Government sold 87 plots of land, in various places, for Rs. 3.50,000. Land on the edge of the towns of Manama and Muharraq was sold at prices ranging from Rs. 1/4 to Rs. 3/- per square foot. Thirty building plots were sold at East Rafaa, on the plain below the town, to residents of Rafaa, at 2 Annas per square foot. Land on this site was marked out as a residential area with rows of plots of uniform depth along future roads. At the end of the year a few purchasers had begun to build stone houses on the ground which they bought.

Legislation. In Safar (October 1952) an important Ordinance was issued which prohibited all persons subject to Bahrain jurisdiction from disposing of any property except to Bahrain subjects. An extension of this order was issued later providing for the contingency of heirs in an estate of a Bahrain subject being themselves foreign subjects. The result of these Ordinances was that not only were Bahrain subjects restricted from selling their property to foreigners but all persons subject to Bahrain jurisdiction, Persians, subjects of Saudi Arabia and of other Gulf States, were restricted from selling their property to each other or to nationals of other countries. Only foreigners not under the jurisdiction of the Bahrain Courts were free to sell their property to other foreigners. The object of the Government is to prevent land in Bahrain from being alienated and it is hoped that in future this legislation will be further extended to preclude all foreigners in Bahrain from disposing of their property to any persons who are not Bahrain subjects.

The imposition of this ordinance caused some resentment among foreigners especially among Saudi Arabians and Persians who in the past have acquired extensive property in Bahrain. This ordinance was probably the cause of some reduction in the number of large land sales during 1372.

One of the reasons why the Government now has so little land at its disposal in Manama and on the outskirts of the town is because in the past large pieces of land were either sold or given to Persians and Saudi Arabians. In the former category is one of the principal landowners in the town. The only area of any size, suitable for development as a housing area, is the land on the south-west of Manama which is now occupied by the installations of Cable and Wireless Ltd. Arrangements are being made for the Company to move out into the country to a site on the Aali plain, but this move will take some time to be carried out.

Rents of Government Shops. The Department collected rents amounting to Rs. 51,000/- from the shops in Barrett Road and from the flat above the Post Office and Rs. 20,000/- from rents of 26 plots of land which were let on leases. Temporary leases of land produced Rs. 3,800.

During the year the Department sent a deputation consisting of one of the members of the committee and the Superintendent to Kuwait to make a claim for the Waqf funds from the large and very valuable building on the Sea Road west of the Customs pier. This building was acquired by one Hilal Al Materi a Kuwaiti pearl merchant. He dedicated it as a Waqf for charitable purposes, not specifying whether the funds should be spent in Bahrain or in Kuwait. The Sunni Waqf Department obtained an opinion on the case from Al Azhar in Cairo supporting their claim that the Waqf should be spent in the country where the property was situated. The Deputation was not received with any enthusiasm in Kuwait, some sort of compromise was arrived at but at the end of the year the Department had not received any contribution from the Waqf towards charitable objects in Bahrain.

PASSPORT DEPARTMENT

(From the report of Mr. Kadhim Al Asfoor, Passport Officer)

Revenue. The total revenue was Rs. 53,789/-, about Rs. 19,000 less than was collected in 1371. This decrease was due to a shortage of book passports which were being printed in England. Some changes were made in the new passports which now contain the name of the holder on the outside of the cover as well as inside it. A further change in the wording is "date of birth" instead of "age," though at present very few of the people who use the passports know either the date of their birth or their age. Revenue from Travel Passes was Rs. 22,339, from entry forms, Rs. 8,236 and from miscellaneous forms Rs. 5,041.

Pilgrims. Only 280 persons did the Pilgrimage to Mecca, this number included 19 Persians, long resident in Bahrain who were granted passport facilities to perform the pilgrimage. Over 3,500 Shia pilgrims visited the Holy Cities of Iraq, an increase of about 500 over the previous year's number. These pilgrims included many people from the villages. Some of them crossed from Iraq to Persia and visited the Shia shrines of Persia. Such journeys are lengthy and expensive and the increase in the number of Shia pilgrims every year is an indication of prosperity among the working classes.

About 200 Arabs from Bahrain went to the Lebanon, mostly during the summer, this was about half the number who travelled there last year. In spite of inducements by the Government of the Lebanon to encourage tourists from the Gulf the people of Bahrain are beginning to find that they cannot afford to pay the excessively high prices which prevail in Beirut and in mountain resorts. The much advertised wealth of certain Gulf states seems to have caused the people of the Lebanon to regard any Arab from the Gulf as a rich traveller and a potential spender.

		Arrivals.	*Departures.*
Passengers.	By Air	22,542 ..	23,758
	By steamers	13,206 ..	13,136
	By Country Craft	34,220 ..	35,228

Number of dhows and launches visiting Bahrain : 4,958.

During the year 1,077 gratis passes were issued to Shaikhs, their followers, teachers and students. Numerous members of the Ruling Family with their followers went on hunting trips to Saudi Arabia, Iraq and Kuwait.

During the diving season 496 Persian divers were allowed to land in Bahrain and to return to Persia after the diving season.

[Sunni Waqf Department -- Mr. Lyst]

CASH RECEIPTS RETURN—1372 1/A

		Rs.	As.
494	TRANSFER FEES	686	—
657	TAXATION FEES	89,606	1
	NUMBER PLATES	2,397	—
	LICENCE HOLDERS	663	8
	DRIVING LICENCES	14,525	—
	LICENCE BOOKS	1,922	—
	TAXI BADGES	75	—
	DRIVING TESTS—Fees	6,650	—
	LICENCE LATE FEES	335	8
	PEDAL CYCLE TAX	1,697	—
	HIRE OF "L" PLATES	99	—
	LEARNERS LICENCE PERMITS	1,063	8
	REGISTRATION LATE FEES	2,312	—
	REGISTRATION INFORMATIO	3	—
	PUBLIC CONVEYANCE LICENCE	865	—
	TAXI DRIVERS LICENCES	853	8
	TRADERS LICENCES	2,175	—
	Total	Rs. 1,25,929	1

,OIL INSPECTION DEPARTMENT

(Report by Mr. G. B. Thompson, Government Oil Inspector)

382 439 505 The Refinery throughput of Bahrain Crude Oil remained about the same as the previous year, but the total Refinery throughput, including both Bahrain Crude Oil and Imported Foreign Crude Oil, increased from 9,254,140 Long Tons in 1952, to a figure of 9,654,390 Long Tons in 1953. The actual figures being :

Bahrain Crude Oil	.. ..	1,480,638 Long Tons
Imported Foreign Crude Oil	..	8,173,751 Long Tons

There was a slight drop in the number of ship cargo inspections carried out :

1952	..	178 Ships, 476 Parcels, 1,741,861 Long Tons
1953	..	170 Ships, 463 Parcels, 1,628,045 Long Tons

The term "Imported Foreign Crude Oil" has been used in place of the term "Arabian Crude Oil," used in previous years, the change having been made to allow inclusion of two shipments of Sumatran Crude made late in 1953, which were successfully processed through the Refinery.

Graphs showing the Refinery throughput and the Ship Inspection figures for the last five years are included. ✱

1/A [O.D. 1952-53 -- Analyst] 2/A [Graphs facing page 50 a + b -- Analyst]

4: Bahrain G-5 (no date) 1953 . M22 Bahrain M22

CUSTOMS DEPARTMENT

(Report by Mr. G. W. R. Smith, M.B.E., Director of Customs and Port Office).

651 The revenue collected by the Customs Department from all sources, including Boat Licences, exceeded last year's revenue by Rs. 8,26,600/-, and exceeded the amount which was anticipated in the budget by Rs. 21,49,632/-. This substantial increase in Customs Revenue was due to larger imports of rice with higher prices being obtained at source, increased cost of coffee at source, and heavy imports of flour and tea. A decrease in the amount of income from Direct Transhipment cargo may be attributed to the more frequent use of the port of Um Said by the Qatar Petroleum Co. There was a decrease in the price at source of woollen and cotton piece goods, compared to last year; in the case of woollens the decrease was 5 per cent., but in the case of cotton piece goods it was as high as 20 per cent. There was again an increase over the previous year in the number of ocean going vessels and native craft calling at the port of Bahrain. Japanese vessels were more frequent callers, but in the main the increase in ocean going vessels was due to a second call at the port for the purpose of taking bunkers. It will be noted that the number of Bills of Entry and Export Shipping Bills dealt with in 1372, were again more than in 1371, further emphasising Bahrain's growing importance as an entreport in the Persian Gulf.

439 During the year under review the period allowed for Intransit Cargo was increased from 90 days to six months, and for cargo in transit to Saudi Arabia Ports—from 20 days to 40 days. This has proved of great benefit to importers.

Two new storage sheds were erected and completed during the year with a capacity of 9,000 tons dead-weight. At the end of the year Customs cranage was increased by the arrival of a new 10-ton capacity Coles Mobine Crane. Work was commenced on the erection of a new Native Craft pier 1,200 feet long, to relieve congestion on the main Customs Pier.

000 **Accidents—within Port Limits.** On the 4th of May, 1953, a launch belonging to Messrs. Gray, Mackenzie and Co., Ltd., which was alongside near the Sea Front Road, caught fire by the bursting of a stove, and was partly destroyed. The craft was later repaired and returned to service. The Light Tender vessel *Relume* carried out her usual visits of inspection to the lights and buoys.

651 **General.** The estimated revenue for 1373, Rs. 90,00,000, is less than last year's revenue. This figure has been determined by the fact that there are indications of a definite downward trend in prices and there is overstocking of certain commodities, such as piece goods, tea, flour and cars, in the local markets.

YEAR 1372

ACTUAL RECEIPTS COMPARED WITH BUDGET ESTIMATES

Budget Head	Estimated Collections	Actual Collections	Increase	Decrease
	Rs.	Rs.	Rs.	Rs.
Customs and Import Yard	83,47,500/-	104,22,120/-	20,74,620/-	—
Diving Licences	2,500/-	1,835/-	—	665
Miscellaneous	50,000/-	1,25,677/-	75,677/-	—
Total ..	84,00,000/-	105,49,632/-	21,50,297/-	665

Increase over Estimates : Rs. 21,49,632/-

COMPARISON OF DIFFERENCES

	Customs (Increase)	Pearling and Craft Licences (Decrease)
Year 1371 ..	Rs. 27,24,030/-	Rs. 998/-
Year 1372	Rs. 21,50,297/-	Rs. 665/-

651

COMPARISON OF ACTUAL RECEIPTS

	Year 1371	Year 1372	Increase.	Decrease.
	Rs.	Rs.	Rs.	Rs.
Customs, Import Yard and Miscellaneous ..	97,21,530/-	105,47,797/-	8,26,267/-	—
Diving and Craft Licences ..	1,502/-	1,835/-	333/-	—
	Net Increase : Rs. 8,26,600/-			

COMPARISONS OF CUSTOMS CLASSIFIED RECEIPTS

	Year 1371	Year 1372	Increase.	Decrease.
	Rs.	Rs.	Rs.	Rs.
A. Steamers	69,09,644/-	74,97,479/-	5,87,835/-	—
B. Craft	4,77,975/-	4,86,620/-	8,645/-	—
C. Passengers' Baggage ..	86,130/-	96,878/-	10,748/-	—
D. Parcels	6,88,343/-	7,73,922/-	85,579/-	—
E. D.T. Cargoes	4,06,319/-	3,10,788/-	—	95,531/-
F. Export Duties	5,404/-	20,560/-	15,156/-	—
G. Miscellaneous	93,508/-	1,25,677/-	32,169/-	—
H. I.Y. Collections	10,54,207/-	12,35,873/-	1,81,666/-	—
Rs.	97,21,530/-	105,47,797/-	9,21,798/-	95,531/-
	Increase : Rs. 8,26,267/-			

COMPARISON OF PRINCIPAL COMMODITIES

439

Commodity.	Year 1371		Year 1372	
	Quantity.	Value.	Quantity.	Value.
Rice, cwts.	2,14,878	100,93,800/-	3,39,805	191,23,735/-
Wheat, cwts.	30,472	9,81,065/-	26,200	8,93,665/-
Flour, cwts.	1,35,453	50,20,735/-	2,03,693	64,23,665/-
Tea, cases	53,237	53,35,200/-	92,357	73,4,265/-
Coffee, bags	9,607	37,40,600/-	11,777	40,70,265/-
Sugar (soft), cwts.	1,89,545	87,43,735/-	1,76,816	61,23,400/-
Piece-goods :				
Cottons	Rs. 127,82,935/-		Rs. 104,46,265/-	
Woollens	31,32,335/-		23,46,400/-	
Silks	41,29,400/-		41,87,665/-	

4: Bahrain G-5 (no date) 1953 M22 Bahrain M22

377
655 Six Wiring Contractors' Licences were issued to local merchants bringing the total to 31. Licences were also issued to 12 additional wiremen who had been successful in passing the Department's tests.

Future Prospects. When the 750 k.w. Generating Set, now being installed, is put into commission the present Power Station will have reached its full capacity and no further machines will be installed there.

The new scheme, whereby natural gas will be used to generate electric power, is scheduled to commence operating from a new Power Station, situated near the R.N. Wireless Station, Jufair, during the summer of 1373. Initially this station will contain four 1,000 k.w. Gas Engine Generating Sets. The first two of these will operate as Diesel Generating Sets for some twelve months until the natural gas is available from the oil-field.

The Contracting Engineers for this scheme are Messrs. D. and C. and William Press who, at the end of the year had commenced preparing the site for the new Power Station. The project includes for the distribution of ample supplies of electricity to all parts of Bahrain and it is expected that the initial stages will be completed in some two and a half years time.

The distribution of domestic gas is also being considered as a long-term policy.

655
●651 **Workshops Department.** This Department continued to carry out new work and repairs for all Departments of the Government and many private jobs were undertaken for local firms.

Work for the Government produced a revenue of Rs. 22,310, while private jobs produced Rs. 15,822, showing an overall loss of Rs. 2,218.

655
489
495 **Transport Department.** There was an increase of 25 per cent. over the previous year of the total number of vehicles, mechanical plant, etc., operated by Government Departments and to cope with this increase the Transport Department continued to expand.

A Petrol Filling Station was constructed by Public Works Department and opened on the 8th Shawal, 1372, for the issue of Petrol, Oil, Air and Water. All Government vehicles now draw from this point.

Eight lock-up garages for the storage of spare vehicles were constructed and a heavy duty vehicle lift, cApable of lifting vehicles weighing up to eight tons, was installed in the main shed.

The total number of vehicles on charge at the end of the year is :

(*a*)	Load-carrying vehicles (Trucks)	31
(*b*)	Buses, Station Wagons, etc.	13
(*c*)	Pick-ups	15
(*d*)	Saloon Cars	25
(*e*)	Land Rovers	19
(*f*)	Motor Cycles	23
		126

The total number of Launches, Mechanical Plant, Machinery, etc., on charge at end of the year	41
Vehicles written off as being beyond economical repair	10
The total number of new vehicles ordered was	33
The total number of new vehicles received was	38
The total number of service operations carried out on vehicles during the year was	3024
The total number of repair jobs, both major and minor, carried out on vehicles, machinery, etc., was	5887

FINANCE

651 652 **Revenue and Expenditure 1372.** The total revenue in 1372 was 373½ lakhs. There was an increase in revenue from almost all sources, the largest increase being the the oil revenue which was 39½ lakhs more than in 1371. Customs receipts were 8 lakhs higher ; the income from the Reserve Fund was 3 lakhs more than in the previous year and the all-round increase was 58 lakhs. The additional revenue from oil was due to the new arrangement under which certain payments were received during the year 1372.

Expenditure was considerably higher than in the previous year. Without the payment of one-third of the oil revenue to the Privy Purse, which amounted to over 80 lakhs, and excluding unforeseen expenditure and non-recurrent public works, the cost of maintaining the present administration, Government Departments, Education, Public Protection, Public Health, Maintenance of buildings and roads, etc., etc., was 20 lakhs more than in 1371.

More money was spent upon Education, Public Health and Public Protection which for many years have been the three largest recurrent items in the State's budget. It can, however, be claimed that educational facilities were enlarged and improved, law and order were well maintained and medical work was developed.

In addition to the usual grants to the Municipalities the Government presented a new fish, meat and vegetable market to the Manama Municipality, to cater for the people living in East Manâma, and also paid for a new fire engine. Extra grants amounting to Rs. 60,000 per annum were made to the Muharraq and Rafaa Municipalities.

Unforeseen expenditure included 9 lakhs refunded to the Food Control Department to meet a loss on sugar which had been purchased by the Government during the last three years. This payment was in fact a subsidy to keep down the price of sugar ; sugar was also used as barter to encourage meat imports from Persia at a reasonable price. Few people realise that the prices of sugar and meat, and in the past, other essential foods, have since early in the war been subsidised by the Government.

Special legal expenses amounted to two lakhs. The cost of the aerial survey, carried out by Messrs. Hunting Aerosurvey, and the preparation of maps, etc., amounted to 1-1/5 lakhs, ; donations to fire victims and contributions by the Government to the T.B. Fund came to 1½ lakhs ; the expenses incurred by the visit of the Ruler of Kuwait amounted to Rs. 60,000 and the cost of His Highness's official visit to Europe was Rs. 1,18,000.

The total expenditure by the Public Works Department was 50 lakhs. Out of this sum almost 10 lakhs was spent on productive works such as blocks of flats, offices, etc. for letting ; 4 lakhs was spent on stores ; 4½ lakhs on roads and the remaining amount on a number of large and small building projects which included the new Palace, a block of staff quarters at Qudhabia, consisting of six European style flats ; quarters for teachers above the Technical School; extensions to the Qudhabia Palace ; new Customs Sheds ; a Jetty and sea reclamation in the customs area ; additional private wards in the Government Hospital ; married lines for the Police at the Fort, and many additions to schools, dispensaries, offices and other Government premises.

The summary of Revenue and Expenditure shows that by the end of the year the Reserve Fund was 464½ lakhs, invested in British and Indian stock and the Government held over 42½ lakhs in various current accounts. Other assets of the State were the Government's investment in the Electricity Supply Undertaking, over the last 25 years, amounting to 64½ lakhs ; a similar investment in the Manama Town Water Supply of 13 lakhs over the last five years, and an investment of 20 lakhs in the new gas-electric scheme.

Budget 1373 (Revenue). The estimated oil revenue is 386½ lakhs of which 310 lakhs is Income Tax, on the 50-50 basis, and 76½ lakhs is the payment on imported oil at the rate of 2 annas per barrel. It is assumed that the quantity of oil produced and imported will be the same as in 1372. The estimated oil revenue is 188½ lakhs more than was estimated in the 1372 budget, which was made before the new 50-50 arrangement was finally agreed upon, and 146 lakhs more than last year's actual oil revenue.

651 652

Customs receipts have continued to rise ; they are estimated at 90 lakhs, a figure which is based on the average of the actuals of the last three years. Last year the Customs produced 105¼ lakhs.

The income from investments of the Reserve Fund has risen from a little more than 12 lakhs, in 1372 to 17¾ lakhs.

Land revenue, which includes registration fees on sales and titles, rents of land occupied by barasti dwellers and proceeds from sales of land has been assessed at 2 lakhs. Last year more than twice this sum was received, mostly from sales of land ; it is unlikely that there will be as many sales as in 1373 as little land remains which the Government is willing to dispose of.

Medical receipts are higher partly because X-Ray charges and sales of drugs are now under "Revenue" instead of being deducted from expenditure.

Under revenue from public works there is a decrease in income from bridge tolls. On his return from England His Highness abolished tolls on private cars, which was a popular move among car owners, who could in fact more easily afford to pay the small toll charge. Rents from buildings have increased. This item is the revenue from leases of blocks of flats and government owned shops ; it is one of the few forms of productive local investment in which the Government can participate.

The total estimated revenue for 1373 is 507¼ lakhs as against an estimated revenue of 304¼ lakhs in 1372. In 1372 however, the actual revenue exceeded the budgeted revenue by 69 lakhs owing to certain payments of oil revenue under the new oil agreement being received during the year.

Expenditure. Expenditure has increased considerably, the largest item being the one-third oil revenue which is paid to the Privy Purse of the Ruler ; from this he pays the Civil List which includes a large number of members of the Ruling Family. The oil payment to the Ruler increases according to the oil revenue and now amounts to 128¾ lakhs, slightly under one million pounds.

State Departments will cost about a lakh more than in the previous year ; the reason for this, and for increases in other departmental expenditure, is the automatic annual increment system, applicable to a large proportion of employees, and an adjustment in salaries which was made in 1372 when "cost of living" allowances were abolished and consolidated rates of pay were instituted. This also increased the Government's contributions to the Employees' Provident Fund which is now assessed on their consolidated pay.

Education will cost 35¾ lakhs, 9 lakhs more than in 1372 ; of this increase 6¼ lakhs is on account of boys schools, 1¼ lakhs for girls schools and one-third lakh is for technical education. More boys are being given scholarships to complete their education abroad and more schools are being opened in Bahrain. There is always a demand for more schools from both towns and villages.

The cost of health services is also rising rapidly ; it now amounts to 34 lakhs and has increased by 10-1/3 lakhs since last year. This sum includes provision for considerable development of medical work, but against this figure can be set medical receipts totalling 3¼ lakhs. Neither the Education or Public Health budgets include the cost of new buildings, new schools, hospitals and dispensaries. These works form part of the Public Works budget.

Provision has been made under Public Protection to raise the Police Force to 350 N.C.O's and men, though it is probable that the full complement will not be enlisted during the year.

Subsidies to Municipalities amount to 2¼ lakhs ; they also receive half of the revenue from bridge tolls. Though Manama, and to a lesser extent, Muharraq, are wealthy cities yet their citizens, as represented by the Municipal Councils, expect to be financed almost entirely from Government grants.

651 The allocation to the Transport Department is less than in last year's budget, as in 1372 a quantity of new equipment was bought.

652 A very large programme of work is to be carried out by the Public Works Department during the year. This is described in a separate statement. To cope with it effectively the staff of the department has to be enlarged.

Specifications for the deep water pier near Jufair are being prepared by the Government's Consulting Engineers in London. Only the causeway leading to the pier will be constructed by the Public Works Department, the dredging and the construction of the pierhead will be carried out by outside firms.

It is unlikely that much progress will be made on this project during the year, apart from the causeway, so 20 lakhs has been provided for the scheme.

The sum of 40 lakhs has been set aside for the Electric-Gas scheme which embodies an extension of electric power to all the towns and villages in Bahrain. At present only Manama and Muharraq are supplied with electricity.

During the year it is hoped that 135¼ lakhs may be added to the Reserve Fund.

A fact of interest which emerges from the budget is that if all new works and schemes were excluded from the budget the revenue from sources other than oil would be sufficient to pay for the administration and running of the state on the present scale. The total revenue, without oil, is 121 lakhs, the total expenditure, excluding the one-third of the oil revenue which is paid to the Ruler, new projects and works, and without a contribution to the Reserve Fund, is 119¼ lakhs.

The following figures show, roughly, how the oil and other revenue has been used since the State first received royalties from oil :

OIL RECEIPTS

Oil Royalty, less one-third, paid to the Privy Purse, from 1354 until 1368 (15 years)			Rs. 299,95,000
1369 Royalty at Rs. 3/8 per ton and Rs. 10/-			62,55,000
1370 Royalty at Rs. 10/- per ton			92,26,000
1371 Royalty at Rs. 10/- per ton			94,01,000
1372 Income Tax			103,92,000
1373 Income Tax received during period ending on 31st December, 1953 (relating to 1952) and payment at the rate of Rs. 10/- per ton on exported oil for the first half of 1953			103,70,000
			Rs. 756,39,000
Duty on imported oil, less one-third paid to the Privy Purse :			
1370	Rs. 10,00,000		
1371	40,00,000		
1372	56,39,000		
Until 31st December, 1953	12,56,000		
			118,95,000
Total			Rs. 875,34,000
Reserve Fund			
Capital Accounts			Rs. 562,40,000
Electric Supply, Water Supply and Electric-Gas Scheme			96,98,000
Loans Advanced			
Foodstuffs Account	3,46,000		
Gulf Aviation Company	8,00,000		
Deposit Account	12,53,000		
			23,99,000
Cash in hand			47,88,000
Closing Balance, 31st December, 1953			Rs. 731,25,000

651 ● 652

In addition, during the period between 1935 and 1953 the Public Works Department incurred the following expenditure :

Revenue producing projects (shops, flats and buildings for rent) ..	Rs.	46,80,000
Unproductive projects (Public buildings, staff quarters, offices, hospitals, schools, etc.)		149,84,000

The principal works which were carried out by the P.W.D. during the period between 1935 and 1953 are shown below. This list does not include projects which were carried out before the State possessed any oil revenue, such as the Manama-Muharraq causeway, which in those days cost only 7½ lakhs.

Shops and Flats on Lease		
House at Quadabiya	Rs. 50,000	
Shops and Offices on Barrett Road	7,04,000	
Post Office and Flat	1,57,000	
Flat over Manama Police Station	72,000	
Dilmun House (Flats)	8,05,000	
Shops and Flats south of Dilmun House	1,94,000	
Tylos House (Flats)	5,61,000	
Awal House (Flats)	7,01,000	
Aradus House (Flats)	9,25,000	
Workmen's Houses	5,11,000	
		46,80,000
Government Offices, Bab al Bahrain		5,56,000
Customs Buildings, Sheds, Pier Extension, Jetty, Crane and Railroad		27,50,000
Law Court and Flats		1,24,000
P.W.D. Building, Flat and Stores		4,86,000
Transport, Shed, Stores, Officer's flat and Filling Station		4,14,000
British Staff Quarters (Old Quarantine)		7,11,000
Quadabiya Palace Extension		3,11,000
Public Security		
Fort Extension, Police Houses (Fort) and Police and Natur Stations in Bahrain ..		11,56,000
Public Health		
Hospitals and Dispensaries	16,25,000	
Nursing Sisters' House	2,20,000	
Indian Staff Quarters	3,83,000	
T.B. Sanatorium and Lunatic Asylum	3,20,000	
Health Office and Flat	4,78,000	
Staff Quarters on Rafaa Road (in progress)	1,68,000	
		31,94,000
Education		
Muharraq and Manama West School Extensions, Teachers' Quarters, West School, Budaiya, Rafaa and Village Schools, Muharraq Girls' School	5,40,000	
Hostel	11,66,000	
Secondary School	5,71,000	
Al Zahra School (Girls)	6,48,000	
Muharraq Boys' School	5,23,000	
Quarters over Technical School Building	5,24,000	
Staff Quarters, Girls' Education	1,10,000	
		40,82,000
New Quadabiya Palace (in progress	..	12,00,000
	Rs.	196,64,000

Towards the end of the year His Highness agreed that in future the budget of the State and the annual accounts should be done according to the Gregorian Calendar provided that for the time being, monthly salaries should continue to be paid according to the Hejira Calendar. This somewhat complicated transition is being achieved by a supplementary budget being made to cover the period from 1st January, 1954 till 31st December, 1954.

SUMMARY OF REVENUE AND EXPENDITURE FOR YEAR 1372

Revenue			Expenditure		
Balance from year 1371 :			Expenditure 1372		248,67,846 10 11
Reserve Fund	335,87,929 15 2		Balance at end of Dhulhaj, 1372 :		
Capital Accounts and Advances	132,06,458 11 5		Reserve Fund	468,25,675 12 6	
Cash on hand	38,21,911 5 7		Capital Accounts and Advances	120,06,233 3 10	
	506,16,300 0 2		Cash on hand	42,82,558 6 2	
Revenue 1372	373,66,014 1 3			631,14,467 6 6	
	Rs. 879,82,314 1 5			Rs. 879,82,314 1 5	

Balance explained :—

		Face Value.	Purchase Value.
Reserve Fund :			
3 per cent. Indian Government Loan, 1963/65		113,28,200	108,57,058 10 11
2½ per cent. Indian Government Loan, 1960		10,00,000	10,05,315 15 6
3 per cent. British Saving Bonds, 1955/65	66,00,000	80,00,000	80,33,615 9 5
3 per cent. British Saving Bonds, 1960/70	14,50,000	193,33,333	169,73,712 7 8
3 per cent. British Transport Stock, 1978/88	2,25,000	30,00,000	27,69,113 1 0
4 per cent. Funding Loan, 1960/90	5,00,000	66,66,667	67,86,860 0 0
		493,28,200	464,25,675 12 6
Capital Accounts and Advances :			
Electric Supply Department	64,42,879 6 5		
Water Supply Department	12,92,242 7 8		
Gas Scheme	30,52,000 0 0		
Foodstuffs Account	8,95,332 13 2		
Deposit Account	9,23,778 8 7		
Loan Advanced to Gulf Aviation Co., Ltd.	8,00,000 0 0		
			124,06,233 3 10
Cash in hand :			
Imprest Accounts	19,400 0 0		
Eastern Bank Ltd., London	31,91,393 4 6		
Eastern Bank Ltd., Baghdad	341 14 6		
Eastern Bank Ltd., Bombay	10,362 8 10		
Reserve Bank of India, Bombay	5,29,880 14 6		
Eastern Bank Ltd., Bahrain :			
Consolidated Fund	4,67,518 10 9		
Police Account	53,490 0 11		
Education Account	10,171 0 2		
	5,31,179 11 10		
			42,82,558 6 2
		Rs.	631,14,467 6 6

651
652

STATEMENT OF REVENUE AND EXPENDITURE—1372

Revenue				Expenditure			
OIL RECEIPTS :				**PAYMENTS TO THE PRIVY PURSE :**			
Income Tax	155,84,326 3 7			One-third Oil Income Tax	51,92,426 15 6		
Duty on Imported Oil	84,58,415 11 1			One-third Duty on Imported Oil	28,19,122 4 10		
		240,42,741 14 8				80,11,549 4 4	
Customs Receipts including Import Yard Charges, etc.		105,44,435 8 0		Advocate		1,84,091 1 6	
Interest on Reserve		11,76,952 4 4		Accounts and Audit		1,72,907 12 9	
Interest on Loan		40,000 0 0		Customs Department		7,01,332 4 6	
Land Revenue		5,40,270 13 0		Land Registration Department		1,18,924 13 3	
Education Receipts		25,881 14 0		Passport Department		1,28,263 15 0	
Medical Receipts		2,33,756 5 0		Food Control Department		63,732 10 0	
Car Taxes and Driving Licences		1,34,118 15 0		Awkaf Departments		47,653 12 0	
Passport Receipts		53,989 8 0		Minors Estates Department		30,148 12 0	
Judicial Receipts		53,562 2 0		Law Courts		1,37,687 11 0	
Public Works :				Sheraa Courts		49,203 5 0	
Bridge Tolls	1,33,145 13 4			Education		26,87,906 8 9	
Rent of Government Buildings	1,82,656 8 0			Public Health		23,53,249 13 4	
		3,15,802 5 4		Public Protection		16,54,893 10 1	
Oil Inspection Fees		1,43,466 2 0		Municipalities		4,93,193 15 8	
Miscellaneous Receipts		61,036 5 11		Oil Inspection Department		79,674 14 9	
		373,66,014 1 3		Agriculture		1,45,137 15 9	
Balance from year 1371		506,16,300 0 2		Transport Department		4,51,979 3 3	
				Unforeseen		17,32,056 5 0	
				Public Works :			
				Recurrent :			
				Public Works Department	1,68,711 6 7		
				Shaikh Hamad Bridge	30,815 15 0		
				Maintenance Roads	2,34,997 12 2		
				Annual Repairs Government Buildings	1,69,733 9 9		
				Non-recurrent :			
				New Works and Stores	50,12,663 6 0		
						56,16,922 1 6	
				Deep Water Pier		7,336 13 6	
						248,67,846 10 11	
				Balance at end of Dhulhaj, 1372		631,14,467 6 6	
	Rs.	879,82,314 1 5			Rs.	879,82,314 1 5	

4: Bahrain G-5 (no date) 1953 MZ2 Bahrain MZ2
75

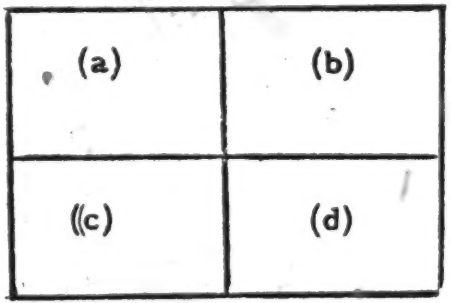
651
652

PRINCIPAL HEADS OF REVENUE	Estimates 1372 Rs.	Total Estimates 1372 Rs.	Actuals 1372 Rs.
1. *Oil Receipts* :			
(a) Income Tax	138,00,000		155,84,300
(b) Duty on Imported Crude Oil	60,00,000		84,58,400
		198,00,000	
2. *Customs Receipts* :			
(a) Customs and Import Yards	83,47,500		104,22,100
(b) Miscellaneous	52,500		1,22,300
		84,00,000	
3. *Interest* :			
(a) Interest on Reserve	10,75,000		11,77,000
(b) Interest on Loan Advanced	40,000		40,000
		11,15,000	
4. *Land Revenue* :			
(a) Fees from Sales Registration	1,25,000		1,28,200
(b) Sales of Government Lands	60,000		3,51,100
(c) Rents of Government Lands and Aerodromes	48,000		61,000
		2,33,000	
5. *Education* :			
(a) Boys' Schools	10,000		9,100
(b) Girls' Schools	10,000		12,400
(c) Technical School	5,000		4,400
		25,000	
6. *Medical Receipts* :			
(a) Nursing Home Fees	65,000		92,000
(b) General Fees	52,000		63,900
(c) Quarantine Fees	53,000		53,000
(d) Miscellaneous	—		24,900
		1,70,000	
7. *Car Taxes and Driving Licences*		95,000	
8. *Passport Receipts*		72,000	
9. *Judicial Receipts* :			
(a) Court Fees	35,000		45,900
(b) Fines	10,000		7,700
		45,000	
10. *Public Works* :			
(a) Bridge Tolls	1,45,000		1,33,100
(b) Rent of Government Shops and Buildings	1,90,000		1,82,600
		3,35,000	
11. *Oil Inspection Fees*		1,60,000	
12. *Miscellaneous Receipts*		10,000	

[page 76 a]

651

[In preparing this source for inclusion in the file it was necessary to reproduce the chart facing p. 16 in four parts. The plan for proper assembling is as follows:



5: Bahrain G-5 (1926-1937) 1937 MZ2 Bahrain MZ2

FINANCE

651
652

Revenue. Until two years ago almost the whole revenue of the State was derived from the customs dues upon imports whose quantity depended mainly upon the success of the pearl trade. Pearls themselves have never been taxed, although it has frequently been stated in the European press that Bahrain derived its revenue from direct taxation of pearls. It has been the consistent policy of the Government to encourage the diving industry by charging no dues on the import and export of pearls. The pearl trade was formerly the only local industry of any importance in Bahrain.

During the first four or five years of the period under review, for which I give the financial figures for twelve years in this report, Bahrain was in a prosperous condition and dependent for its revenue upon local resources. Probably few countries in the world which can boast of any form of administration have been subject to such slight taxation as Bahrain. Apart from the 5% customs tax on imports, no form of taxation existed in Bahrain except a small municipal house tax in Manamah and in Muharraq. Land tax, date-tree tax, Ashur and Zikat have never been levied, and the country people pay no taxes except the duty on imports. This condition is very different from that existing in neighbouring States such as Persia and Saoudi Arabia.

During the first few years of the period mentioned in this report the average revenue was about eleven lakhs per annum, and this sum in those days was sufficient for the administration of the country as well as for carrying out various important public improvements, including sinking artesian wells, installing electric light and power, and constructing some important works such as roads and buildings.

In 1348 (June 1929—May 1930) there was an alarming fall in the revenue due to the slump in the pearl trade which was owing to general financial depression in Europe, and especially the increasing competition of cultured pearls which were produced in Japan. From then, until money began to pour in from oil, the income of the State decreased rapidly, and the financial future of the State caused the gravest anxiety to those who controlled its finances. In spite of drastic economies, reductions in staff and cuts in the Civil List and in the pay of all Government servants, it became necessary to draw upon the very small reserve fund during two years, in order to provide for the much-reduced annual expenditure which was required for the maintenance of the administration and the protection of the country.

It was fortunate that at that time the State had no heavy financial obligations to meet, such as repayment of loans or outstanding debts on account of public works. By reducing expenditure by cuts in pay and by increasing the 5% *ad valorem* customs duty to 10% on certain luxury articles, and to 15% on tobacco and liquor in 1352 (April 1933—April 1934), and by appropriation from the Reserve Fund, it was possible to weather the storm. This could not have been done without the co-operation of the general public, the Ruling Family, and all Government employees, who appreciated the position and accepted the changes without opposition.

The most acute years of the crisis in Bahrain were 1351 and 1352 (May 1932—April 1933 and April 1933—April 1934). In these years the revenue shrunk to Rs 6,84,000/- and Rs 7,26,000/-. In 1353 (April 1934—April 1935), the Bahrain Government sold to the British Government three large areas on Muharraq island and Manamah, from which the net profit to this Government was just over one lac. Although this sum was not normal revenue, it was included in the revenue of the year and it enabled me to balance the Budget.

During 1354 over five lakhs were received from the oil royalty, the total revenue was Rs 13,40,000/-, which was one lakh more than any previous year. At the end of the year the Reserve Fund was increased from two lakhs to four lakhs, cuts in pay were restored, and increased expenditure was authorised for State Protection and Public Services, including medical and educational services and the monthly grants to the municipalities, which had been reduced by 50%, were restored to the previous amount. The oil payment was made at the very end of the year and it was very much greater than that shown in the Budget for 1354.

The revenue for 1355 (March 1936—March 1937) was Rs 16,47,000/-, of which Rs 6,92,000/- was oil royalty.

651
652

The financial progress of Bahrain during these years has been briefly as follows: five years of prosperity during which the State depended upon the diving industry, two lean years when the pearl market began to droop, two years of crisis during which the revenue did not cover the expenditure, one year of slight recovery followed by a sudden large increase of revenue from oil. It is likely that during the present year the revenue from oil alone will amount to more than double the total revenue of any previous year.

A detailed report on the revenue of these years is not necessary as it has been dealt with minutely in annual reports, but the accompanying figures show the annual income with explanations of any unusual rise or fall. The subject of this report is the last ten years, and it is not proposed in this report to deal with the future, but it may be stated that, in my opinion, the most urgent need for the State is to provide itself with a solid Reserve Fund which will assure it a regular income which can be depended upon even when oil begins to run dry. Unfortunately it is the nature of Arabs to be over-optimistic and to pay small heed to the future, so the need for building up this reserve will not be generally appreciated.

Year.	*Customs Revenue.*	*Other Revenue.*	*Oil Royalty.*	*Total.*	*Remarks.*
	Rs	Rs	Rs	Rs	
1344 ...	8,82,000 ...	1,80,000 ...	— ...	10,62,000 ...	
1345 ...	10,68,000 ...	3,37,000 ...	— ...	14,05,000 ...	
1346 ...	11,43,000 ...	97,000 ...	— ...	12,40,000 ...	
1347 ...	11,24,000 ...	91,000 ...	— ...	12,15,000 ...	
1348 ...	9,98,000 ...	1,36,000 ...	— ...	11,34,000 ...	
1349 ...	6,89,000 ...	1,28,000 ...	— ...	8,17,000 ...	
1350 ...	6,85,000 ...	1,19,000 ...	— ...	8,04,000 ...	
1351 ...	6,00,000 ...	84,000 ...	— ...	6,84,000 ...	
1352 ...	6,08,000 ...	89,000 ...	29,000 ...	7,26,000 ...	
1353 ...	6,57,000 ...	1,63,000 ...	67,000 ...	8,87,000 ...	
1354 ...	6,91,000 ...	83,000 ...	5,68,000 ...	13,42,000 ...	
1355 ...	8,74,000 ...	81,000 ...	6,92,000 ...	16,47,000 ...	

THE STATE POLICE AND PUBLIC SECURITY

701
625

The Levy Corps. In 1926 the armed forces of Bahrain consisted of a Levy Corps, a few Persian police who were originally enlisted by the Municipality, and a body of 'Naturs,' armed watchmen who patrolled the town at night. The Levy Corps provided a guard at the Political Agency and posts at Rafaa and Sitra. The Levy Corps, which consisted of so-called Baluchis recruited in Muscat, was commanded by a British Officer seconded from the Indian Army, assisted by an Indian Officer and several Indian N.C.O.'s from Punjabi regiments. In 1926 the Levy Corps was commanded by Captain Geake, who had succeeded Captain Campbell. The Levy Corps was intended mainly as a defence force in case of any serious disturbance or an attack on Bahrain by the Dawasir Arabs, who once lived at Budeya but left Bahrain in anger soon after Shaikh Hamad assumed control.

[617]

In the spring of 1926 it was decided that the Indian Army officer should be replaced by a British official, who would act as assistant Adviser and Commandant of the Levy Corps. Captain L. S. Parke was appointed in this capacity in place of Captain Geake, who returned to his regiment.

579
643

Political Disturbances. There was a general feeling of nervousness and unrest in Bahrain in 1926. Many people were afraid that the Dawasir would make a descent on the coast and a series of armed attacks on Shia villages, organised by disaffected members of the Ruling Family, were still fresh in the public mind. The present Ruler was not yet firmly established, many people were opposed to him, and in certain communities there was a feeling of bitter resentment against the new regime and the various reforms which had been introduced. Conditions were very different to what they are to-day: in the country few people would venture out unarmed at night, and in the towns there were frequent scares of armed attacks.

5: Bahrain G-5 (1926-1937) 1937 MZ2 Bahrain MZ2

THE NATURS

625

The naturs consist of about 150 men who are employed in Manamah and Muharraq as town watchmen. Although they are armed with rifles, they do no drill and are not instructed in musketry or shooting. They are under the command of the Amirs of Manamah and Muharraq. Their chief duty is to patrol the bazaars and streets of the two towns during the night and to assist the police in any emergency. They are a cheap and useful force and an effective preventative against theft. They are paid Rs 25/- per month and they receive no rations or clothing except a white shirt and a headdress which they wear on official occasions. Men who are likely candidates for the police are frequently posted to the natur force until a vacancy occurs in the police; in this way they get some training before becoming policemen. The naturs are especially useful for investigation work and are frequently used in liquor and opium cases. In spite of occasional friction between the Amirs and the police N.C.O.'s, the naturs and the police work well together.

CUSTOMS DEPARTMENT AND REVENUE

647

Organisation and Establishment. The Customs Department in its present form has existed for about fourteen years. Before then the late Ruler was in the habit of farming out the customs to certain Hindu merchants, which was unsatisfactory both to the State and to the mercantile community. In 1923 the Government of India lent to the Bahrain Government a special officer to organise a regular customs department which was based on Indian methods and the Bill of Entry system. In 1924, Mr. C. L. deGrenier was appointed Director of Customs, and he continues to hold the post. The institution of a regular customs system and department was appreciated by the public.

The customs was the first organised department of the Government, and in the beginning it acted as a general revenue department and dealt with many other matters besides customs; even now the collection of pearling and boat licences and registration of craft is done through the customs department.

The customs staff consists of the Director of Customs and nine senior Indian clerks, mostly men of long service, and about a dozen local clerks, of whom eight joined the department from the Government schools. In addition to the clerical staff there are about twenty-five naturs, many of whom are Bahrain-born Baluchis, the descendants of the Baluchi bodyguard who have been attached to the Khalifah shaikhs for many years. Customs officials are posted at Muharraq and at Sitra. There is no regular preventive service, as the local police and naturs are employed to detect cases of smuggling.

651

Revenue. **1. Customs Duty.** Customs revenue is obtained from customs duties and Import Yard charges. Duty is assessed *ad valorem*, according to the local market value, but in practice the invoice price of goods is normally accepted for assessment of duty.

Until 1351 (1932-33), customs duty on goods of every kind was 5%; liquor was imported free of customs duty as it was regarded as an immoral import. In 1351 the duty on certain luxury articles was raised to 7½% and then to 10%, and the duty on tobacco and its products was raised to 15%, and 15% was charged on liquor.

2. Import Yard charges. Khanchieh. There is no demurrage or bonded warehouse system in Bahrain. Khanchieh, which is a ground rent for space in the customs premises occupied by imported goods, is charged according to a scale of fixed charges based, not upon value, but roughly on the size of packets. Nothing is charged for the first ten days, but after ten days a charge is made, and also every ensuing ten days.

3. **Porterage.** Porterage is charged for moving cargo from the pier to the sheds.

4. **Pier Fees.** Wharfage is charged according to a fixed tariff and includes 'Biladiya,' or municipal tax, which has now been abolished as a separate charge.

5: Bahrain G-5 (1926-1937) 1937 MZ2 Bahrain MZ2

651

5. Landing Company. The British India Steam Navigation Company's agents have a concession from the Bahrain Government to operate a landing company which is authorised to convey cargo from steamers to the pier. They charge landing fees according to a schedule authorised by the Government, and the Company pays to the Government 5% of its total collections.

The cost of importing normal cargo, at the 5% rate, including all outside costs such as landing fees, import yard charges, etc., amounts to approximately 10%. This amount is not high considering that there is no other form of taxation in Bahrain.

(*a*) Mainland Cargo. Bahrain is, to a great extent, a distributing centre for the mainland ports; most of the imports into Saoudi Arabia pass through Bahrain, and for this reason various special systems have been arranged to deal with the transit trade. Until about sixteen years ago, imports through Bahrain which were re-exported to the mainland were charged the same duty as imports into Bahrain. In 1921 the duty on re-exported goods was reduced from 5% to 2%, and during the last ten years further changes have been made.

(*b*) Optional Cargo System. In 1349 (1930-31) the *Optional Cargo System* was introduced. Under this system cargo imported into Bahrain, but intended for re-export to certain specified mainland ports, is charged full import duty, but is eventually liable for 2% only when the shipping bills are returned endorsed from the ultimate destination.

(*c*) Transhipment Cargo. Transhipment cargo is cargo transferred by boats from steamer to native craft direct; 1¾% duty is charged on such cargo for certain specified ports and 2% for other ports provided that not less than 100 packages are transferred at once.

Transit Cargo. Transit cargo is cargo destined to other ports which is landed in Bahrain awaiting shipment. On this cargo 1¾% is charged, and also the import yard charges.

The reduction in duty on goods for certain mainland ports in Saoudi Arabia from 2% to 1¾% was made in 1354 (1935-36) as the result of negotiations by a delegation sent by His Majesty King Ibn Saoud to Bahrain to discuss various commercial matters with the Bahrain Government.

Harbour dues are charged only in the case of foreign launches which are not registered in Bahrain; no harbour dues are charged on native craft, although they are charged in all other ports.

Export Dues, Boat-Building. The only exports from Bahrain are dates, shells, animals' skins, and pearls. There is no export duty on pearls, but on the other commodities export duty is levied which amounts to approximately 5%. The only local industry of any importance is boat-building. This in the past was a flourishing trade, but with the slump in the pearl market, boat-building has declined. This table shows the numbers of boats built in Bahrain:

[439]
[396]

Year.	*Boats.*	*Launches.*
1346	76	10
1347	100	12
1348	70	28
1349	27	13
1350	18	2
1351	10	1
1352	21	2
1353	25	1
1354	21	4
1355	8	5

The customs collections during the last ten years are shown on the attached graph. The peak year was 1346 (July 27th, 1928); from 1346 until 1351 the revenue decreased each year to an alarming extent; in 1352 it began to improve, mainly owing to the increase in rates of duty which

651 439 was imposed on luxury articles, liquor, and tobacco at the end of the previous year. From 1352 onwards the revenue increased steadily, and at the end of the present year, 1356, it will probably reach the high level which it attained in 1346.

The decrease in revenue resulting from general trade depression in Europe, and particularly the slump in the pearl trade, was caused not so much by a reduced amount of imports but by a decrease in the price of commodities which continued for several years. The cost of rice, flour, and coffee became lower each year during the depression, and importation of comparatively expensive European cotton goods diminished as cheap Japanese goods increased. The shortage of ready money for several years, and the inability of the local Arabs to spend much money on clothes was the greatest stimulus to Japanese trade in the Gulf, and especially in Bahrain. If the spending power of the people had not been so restricted it would have been very much more difficult for the Japanese to monopolise the trade in piece goods and fancy goods. Though the customs collections declined owing to the low value of imports, the cheapness of goods enabled many people to live who would otherwise have found it difficult to exist. I give a table showing the prices of various commodities in different years. The amount of imports, etc., are published yearly in the Bahrain trade report.

653 **Customs Improvements.** The customs pier and the import shed were built about twenty years ago; the pier shed was built in 1924. In 1925 a trolley line system was laid down to facilitate removal of cargo from the pier head to the sheds and to the bazaar. The trolley line resulted in doubling the quantity of daily cargo removals.

In 1927 a small mole and three small docks were constructed on the east of the pier. The mole was too narrow to be of much use, and the docks, which were dry at low tide, were also too small for general use. In 1937 the mole was widened and the new customs house was built on the site of the docks and a large piece of land in front of and on each side of the customs house was reclaimed. The additional area has partially relieved the congestion on the pier, where the area for storing cargo was insufficient.

The lighting of the port was improved in 1931 by the erection of a powerful light on the customs pier, which can be seen from the outer (white) buoy. When electricity was introduced, standard lamps were erected on the pier, enabling work to be carried out at night which was previously done under considerable difficulties. In 1933 the Gray Paul Beacon was lighted with a red flash light which affords great assistance at night to lighterage of cargo. A five-ton crane was purchased in 1930.

505 **Steamship Lines.** In 1924 the port was served only by the British India Steam Navigation Company Limited, with a very occasional Strick Line steamer. In 1925 the first Hansa Line steamer made its appearance. These two lines, and the Strick-Ellerman lines, now call regularly at Bahrain with direct cargo from Europe. In 1934 the Yamashita line, and in 1936 the Mitsui line, commenced regular callings at Bahrain.

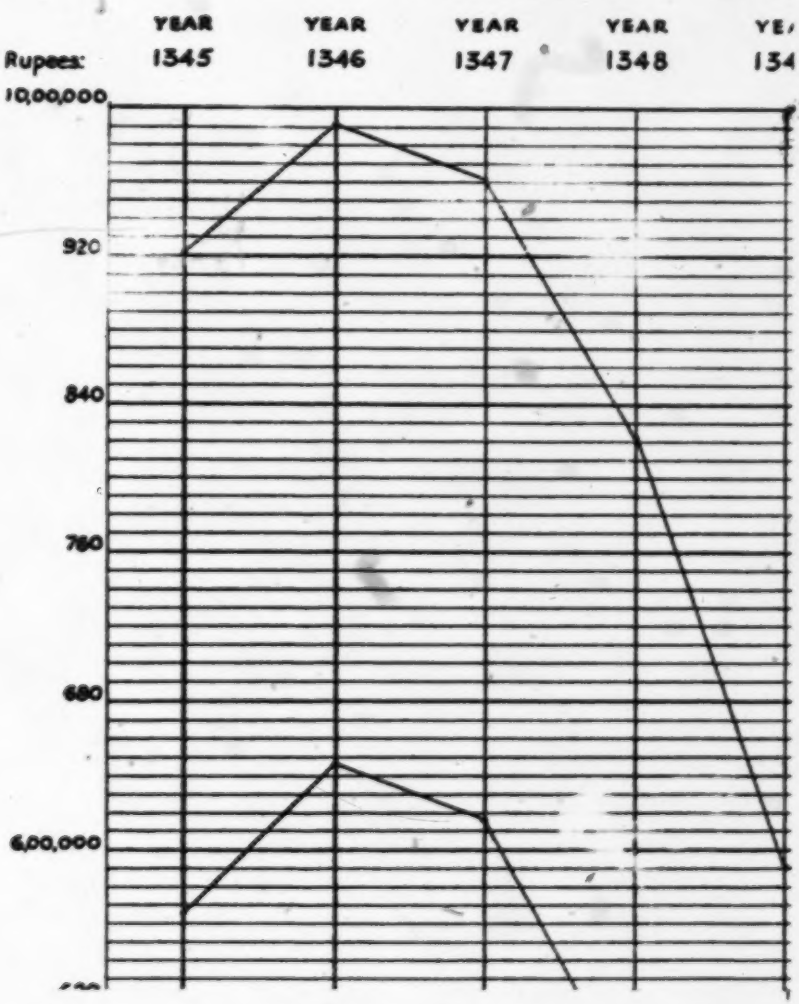
In 1931 the British India Steam Navigation Company Limited began the weekly calling here of their subsidiary down-mail which had previously called every fortnight. In October 1932 the first Imperial Airways liner called at Bahrain, and there is now a bi-weekly air service east and west, a service which is expected to become more frequent.

With the development of the Bahrain Petroleum Company, Sitra became the port of oil tankers, and on occasions special permission has been granted for cargo boats to discharge Bahrain Petroleum Company's cargo at Sitra. On these occasions any ordinary cargo not intended for the Company is conveyed by sea to the customs pier in Manamah. Although the Sitra anchorage is more sheltered than the Manamah anchorage, it is not proposed to develop Sitra in any way as a regular port. Customs officials are stationed at Sitra and attend on the aerodrome when ships or aeroplanes are in port.

504 **Future Improvements.** An improvement to the port which has been under consideration on and off for many years is the extension of the existing pier to the edge of the deep water, which is about 400 yards distant from the pier head. Even if the extension were only a narrow one, it would be of great convenience both for passengers

651

A decade of Cus

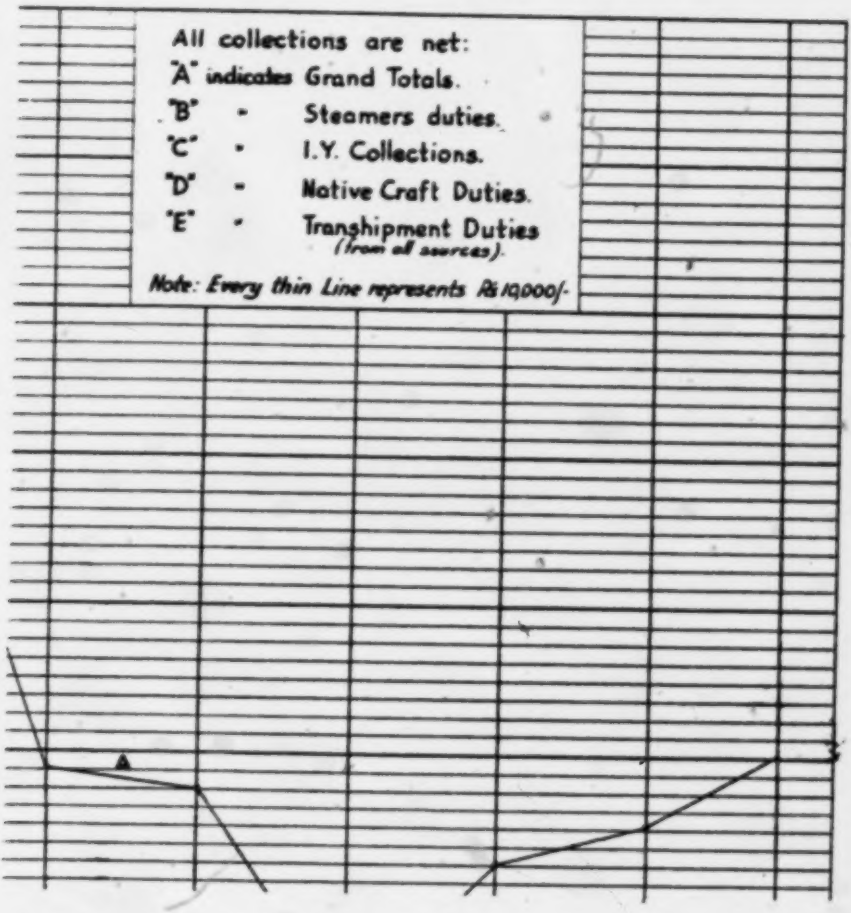


[facing p. 16 A]

ustoms Progress

● G51

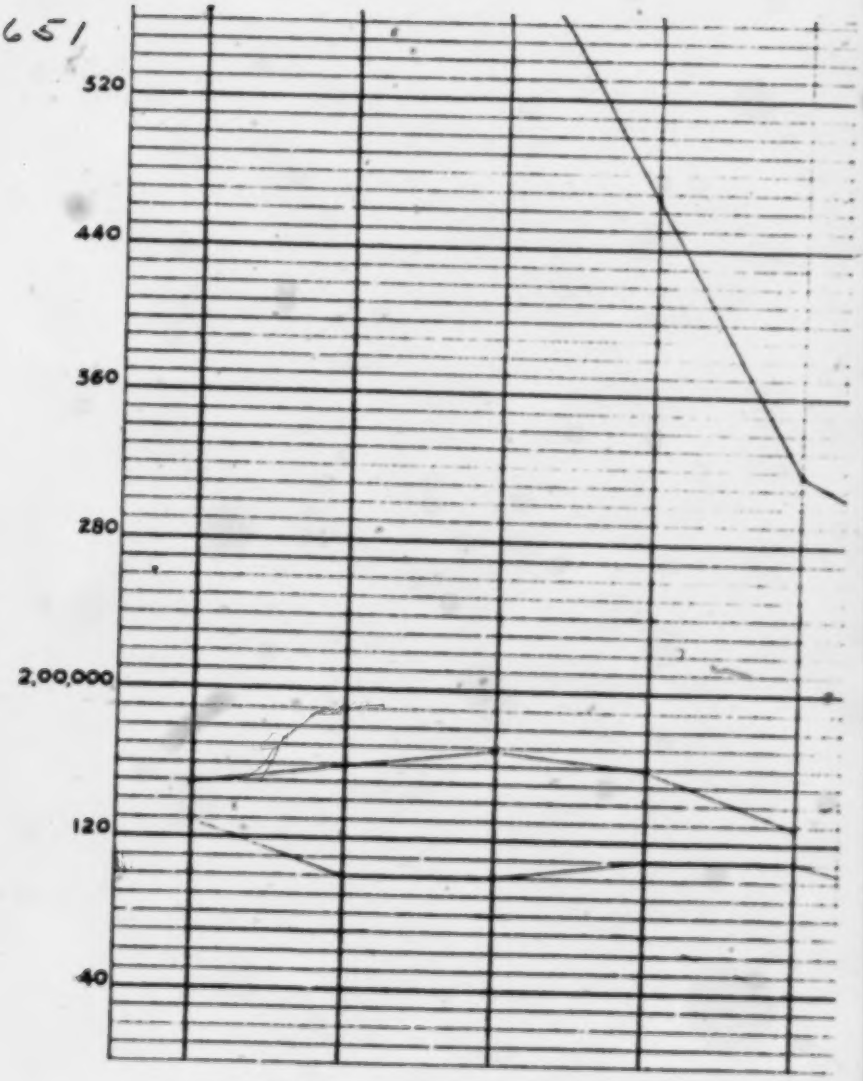
YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
1349	1350	1351	1352	1353	1354


All collections are net:
"A" indicates Grand Totals.
"B" - Steamers duties.
"C" - I.Y. Collections.
"D" - Native Craft Duties.
"E" - Transhipment Duties (from all sources).
Note: Every thin Line represents Rs 10,000/-
A

[Pacing P. 16 B]

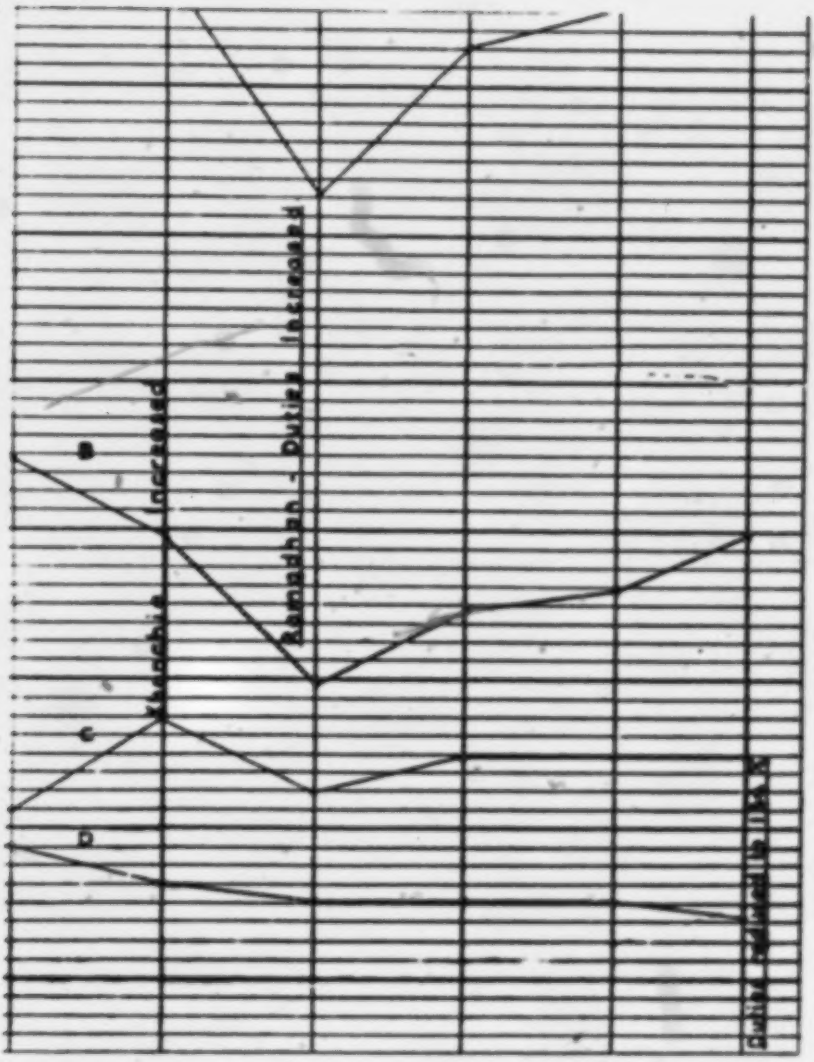
5: Bahrain G-5 (1926-1937) 1937 MZ2 BAHRAIN M

651



[facing p: 16 C]

651



[facing p. 16 D]

504

and for cargo, as at present only very small boats can come alongside when the tide is at its lowest. While work was being done on the Manamah-Muharraq road it was inadvisable to start more stone work at the pier, but when the road is complete the pier extension will probably be begun.

651
4/39

It is also proposed that a small office for customs and passport officials should be built on the Muharraq aerodrome.

Year.	Customs Receipts.	No. of Steamers.	Remarks.
1344 ...	8,83,000 ...	— ...	A poor pearling season.
1345 ...	9,62,000 ...	— ...	Increase in all imports, especially rice, wheat, flour, and sugar. Persia increased taxes on tea and sugar.
1346 ...	10,58,000 ...	— ...	Increase of Rs 95,000/- from sugar and piece goods. Good pearling season.
1347 ...	10,59,000 ...	118 ...	Bazaars becoming overstocked.
1348 ...	8,95,000 ...	— ...	Budget expectations not fulfilled. Decrease in wholesale costs of all imports; silk and cotton goods depreciate 25% in value, carpets and abbas 40%.
1349 ...	6,36,000 ...	96 ...	Slump in pearl trade; prices of rice and wheat decrease 50%; export of sugar almost ceased. Chief exporter became bankrupt.
1350 ...	6,19,000 ...	97 ...	Decrease in prices of all goods. Pearl market very dull. Very large export of gold from Bahrain to India through Indian and Jewish firms. Japanese monopoline piece-goods trade.
1351 ...	5,46,000 ...	104 ...	Continued decline in price of staple commodities; one quarter less packages imported. Increase in Japanese goods and import of cheap Japanese silk. Customs dues on luxury articles raised from 5% to 7½%, and then to 10%, and on tobacco to 15%, and liquor, previously free, to 15%. Iraq wheat takes place of Persian wheat in Bahrain market.
1352 ...	5,58,000 ...	149 ...	Continued fall in value of commodities. In five years Japanese imports rose from Rs 5,000/- to Rs 13,42,000/-.
1353 ...	6,01,000 ...	174 ... (20 oil tankers)	Prices still decreasing, but quantity of imports increased.
1354 ...	6,50,000 ...	195 ... (19 oil tankers)	Steady improvement in imports and increased activity in trading.
1355 ...	8,28,000 ...	251 ...	Steady improvement in imports and increased activity in trading.

PRICES OF COMMODITIES

4/35

Commodity	Year 1929.		Year 1934.		Year 1935.
Ballam rice	16/-	...	9/8	...	10/8
Karach rice	13/-	...	7/8	...	8/-
Rangoon rice	13/-	...	7/8	...	8/-
Sugar, Java	19/-	...	12/-	...	10/8
Sugar, crystal	16/-	...	11/-	...	9/8
Sugar, loaf	14/-	...	9/-	...	8/8
Wheat flour, Indian	17/-	...	11/-	...	11/-
Wheat flour, Iraqi	—	...	7/8	...	6/8
Tea, black	65/-	...	40/-	...	75/-

5: Bahrain G-5 (1926-1937) 1937 MZ2 Bahrain MZ2

PASSPORT DEPARTMENT

Passport control by the Bahrain Government was begun in 1928, when a passport official was appointed whose duty was to register the names of all passengers landing from steamers in Bahrain. Soon afterwards all passports which were in order were stamped with the Bahrain passport control stamp.

In 1929 the Government began issuing its own passports to its subjects. The book passports are similar to those of other countries; the binding of the passports is scarlet. Passports are valid for two years, but can be renewed for eight more years. Application for passports is made on a printed form; the cost of a book passport is Rs 7/- and for each renewal Rs 5/-.

Soon after the introduction of book passports the Government began to issue travel documents for use within the Gulf, costing Rs 2/-, which are valid for one year only and are not renewable. The proposal that special travel documents should be issued for pilgrims to Mecca and the Shia holy cities in Iraq has not yet materialised.

For the last seven years the British Consular authorities abroad have, on behalf of the Bahrain Government, given visas to persons travelling to Bahrain, and to Bahrain subjects abroad.

Bahrain passports are not considered valid by the authorities in Persia. Persians living in Bahrain are given special exit and return passes, valid for twelve months, which enable them to go to Persia and return, and a special arrangement is made in the case of genuine Persian divers working in Bahrain boats. Other Persians who wish to visit Bahrain have to obtain special permission from the Bahrain Government, and such permission is only given on the written and stamped guarantee of a respectable local merchant, who assumes responsibility for the person returning and for his good conduct in Bahrain. Should occasion require it, these privileges could be cancelled, and no Persian would be entitled to visit Bahrain without the necessary visa on his passport.

Bahrain nationals travelling to any foreign countries outside the Gulf obtain a visa from the Political Agent, Bahrain. Travel documents issued by recognised authorities in other Gulf States to their own nationals are recognised by the Bahrain Government, and the holders are admitted without a visa.

Various fees and stamp duties are collected by the Passport Department, and at one time the collection from passport fees was the third largest item of revenue in the Budget. The Passport Officer, who has been the head of the department since it started, is Mr. Jalal-lu-din Ahmed.

In spite of the vigilance of the passport officials, especially during the last year, great numbers of indigent Persians have entered Bahrain, illegally, at various points on the coast. Many of these people obtain work with the Bahrain Petroleum Company and fill posts which should be occupied by Bahrain subjects. The enormous increase in Persians, most of whom entered Bahrain without permission, is especially noticeable in Manamah, where almost every other person in the bazaar and nine out of ten of the beggars appear to be Persians. When once these highly undesirable aliens have entered the country it appears to be almost impossible to repatriate them. Being foreigners, they are not under the control of the Bahrain Government.

MUNICIPALITIES

Constitution and History.

Manamah. Municipalities exist in Manamah and Muharraq. The Manamah municipality was founded in 1919, under the presidency of Shaikh Abdulla bin Isa. As in the case of almost every innovation in Bahrain, the first proposal to form a municipality met with open and hidden hostility, not from the small people, but from the important landowners in the town, who feared that their vested interests would be affected. In after years the people who objected most actively became strong supporters of the municipality. The ill-feeling soon subsided, and in 1927 another municipality was formed in Muharraq at the request of the people of that town.

3: Bahrain G-5 (1926-1937) 1937 MZ2 Bahrain MZ2

632 **Muharraq.** The Muharraq Municipality, being a comparatively recent institution, has usually followed the lead of Manamah and has adopted most of its regulations. The election and composition of the council is similar to Manamah, but except two Persian members, all the councillors are Bahrain subjects. The Muharraq councillors are usually older men than those in Manamah and less enterprising and progressive. The activities of the municipality are restricted owing to its small income. During municipal elections in Manamah there is a great deal of excitement and canvassing, but in Muharraq very little interest is taken in municipal politics. The President of the Muharraq Municipal Council is Shaikh Abdullah bin Isa, who also acts as President of the Manamah Council during the lengthy yearly absences of Shaikh Mohammad bin Isa.

Municipal Finance.

Government Assistance. Soon after the Manamah Municipality was instituted, a pier tax, known locally as the 'Biladya tax,' was imposed on imports into Bahrain, which was intended to provide the funds for municipal expenditure. Later this system was found to be unsatisfactory, and in place of the proceeds of the pier tax a regular subsidy of Rs 2,000/- per month was paid by the Government to the Manamah Municipality. The same amount was paid to the Muharraq Municipality when it started, but during the financial depression both these subsidies were reduced by 50%. When conditions improved the allowances were restored to the original amount.

Half of the vehicle tax which is collected by the Government is divided between the two municipalities and is spent by them on upkeep of roads in municipal area. The cost of repairing, widening, and making new roads inside the towns is now considerably more than this subsidy.

In addition to the regular payments by the Government to the municipalities during the last year or two, special grants have been made for specific purposes, such as for filling in the pits at the back of Manamah, for cutting a new road through Ras Romaan to connect the Muharraq causeway, etc., etc. Although it would be possible to increase the monthly subsidy to the municipalities, I think that it would be very unwise to do so, as this would have the immediate result of causing the council to reduce the municipal house tax, which has already been reduced several times during recent years and is now very low. Unfortunately, in financial matters, the members of the council, who are usually large property owners, are influenced more by personal interests than by civic spirit.

[631] **Municipal Taxation.**

Apart from the Government's subsidy, the chief income of the municipalities is obtained from the house and shop tax. In addition to this, revenue is collected from fees on animals slaughtered in the municipal abbatoir, a tax on gramophone records, application fees for erecting new buildings, coolie licences, dog licences, and a few other local forms of taxation, all of which amount to a comparatively small sum. Shops, offices, and stores are assessed according to the rental value at the rate of two annas in the rupee; houses which are let pay Rs -/1/6 in the rupee, but houses which are occupied by their owners pay house tax according to an assessment, which is made by a committee who have no method or system and who consider the status of the individual more than the value of the property when deciding how much shall be paid. This last arrangement is open to much abuse.

MANAMAH MUNICIPALITY

Year.	*Revenue.* Rs	*Expenditure.* Rs
1344	1,19,600/-	97,000/-
1345	1,11,000/-	90,000/-
1346	1,17,300/-	85,000/-
1347	1,10,800/-	1,03,000/-
1348	1,06,000/-	1,03,000/-
1349	62,000/-	68,600/-
1350	62,300/-	61,300/-
1351	55,000/-	60,900/-
1352	55,600/-	49,400/-
1353	58,200/-	35,900/-
1354	57,300/-	47,600/-

511 The economic status of the divers is as desperate as their [342] physical hardships. Their houses are huts which they build for 228 themselves of woven palm leaves. Wages are paid in advance through the ship owners and financed by merchants who take profits in advance of ten or twenty per cent, according to the season. In the best diving season—from June to September—the divers have little more than enough for the barest necessities; but in the winter months when cold weather and high winds seriously impede and eventually halt their work; in order to keep alive the men have to resort to borrowing at high rates [525] of interest, and so never get out of debt. As a consequence, condemned to a difficult, unhealthy and probably short life, the pearl diver is an inveterate gambler.

511 Since the abolition of the ancient Tribunal of Salifah in 228 1926, the captain of the boats has been required by law to keep 465 an account of expenses and of the advances made to the divers, [651] the taxes on which are fixed. The divers do not receive set wages, but after expenses have been deducted and the captain has taken his share of twenty per cent, the remainder is divided among the crew. The diver (*gawās*) receives twice as much as the hauler (*sib*) since his work is more dangerous. The second in command of the boat receives three parts of the profits (i.e. an amount equal to that of one diver and one hauler). He is called the Thursday, from a Persian word, probably because he is in charge of the boat on Thursdays, the captain's day off.

A comparatively recent traveler in the Near East has stated that there are occasional strikes for higher pay, though not the kind to which we are accustomed. It is the Sheik who declares the strike—and pockets the proceeds.

228 The diving season starts the middle of April and ends the middle of October. It is divided into five periods, the first of which, the *Ghaws al Bard*, begins the middle of April and lasts about a month. Deep sea fishing is not attempted and the divers relieve each other every half hour or so on account of the cold. The workers' share of the profits for this period is divided equally among the divers and the haulers because the latter have to

226 branches tied together with a string. It is fixed upright by means of ropes and stones and is set out near the shore or on banks which are dry at low tide, with the opening facing landward. At low tide the fish left stranded in the trap are collected.

The *basket,* or *gargur,* is usually constructed of palm branches, split bamboos, or twigs, with funnel shaped holes opening inward in such a way that the fish, once in, cannot get out again. The basket is weighted with stones, and five or six are placed near together in deep water, connected by a stout rope, the last basket with a rope and buoy attached. They are left for two or three days before they are pulled up and the fish removed.

TRANSIT SHIPMENTS

439 Bahrein is an important center of distribution for the commerce of Nejd and Qatif, and a trading place for merchandise from Persia and India. In fact, the islands re-export a third of all imported merchandise, including rice, cotton, sugar, coffee, cattle for slaughter, and pearls from other parts of the Gulf. Trade is carried on principally with India, the Arabian coast, Persia, and Iraq. In 1928 the total value of transit shipments exceeded £3,000,000.

651 439 The customs is an important source of income, and the customs office is controlled by a British Director of Customs. General merchandise, in accordance with the provisions of the Convention of 1861, is subject to a 5% ad valorem tariff and luxury items are taxed 10%. Included in the category of luxuries are: carpets, bicycles, clocks, watches, electrical appliances, motor cars, tires and tubes, typewriters, and perfumes. Alcohol, tobacco, and cigarettes are taxed 15%.

There is no general tariff on exports with the exception of hides and dates, on which the duty is ten rupees per bundle of hides and two rupees per basket of dates. A duty of 2% is charged on all goods re-exported to Saudi Arabia, and 1¾% on those re-exported to other countries on the mainland.

439 Principal imports besides agricultural products are: broadcloth, cotton, woolen and silk goods, and wood, which is used

barrels, from Saudi Arabian oil fields through a twelve inch, thirty-four mile pipeline. The pipeline, which was completed March 2, 1945, is under water for almost two-thirds of its length, (23.6 miles), making it the world's longest commercial submarine pipeline. During 1947 an additional twelve inch pipeline was hooked up to the portion on land bringing the total capacity to 126,000 barrels per day. To provide more flexible operations, a new 55,000 BPCD atmospheric crude unit is scheduled to be completed in the fall of 1950. However, an increase in throughout capacity (56,059,700 in 1949) is not anticipated.

At the end of 1947 the oil company employed 6,078 persons in the islands. The Bahreinis numbered 4,650, or 76.5% of the total. The rest were 11.6% British; 10.5% British subjects, Indians and Iraquis; and the remaining 1.4% Americans, Canadians, South Africans, and Europeans. Of the last, half were Italians.

The oil company pays to the Bahrein government a royalty of 3 rupees 8 annas plus 1 shilling per long ton. There is no taxation. The revenue which was to be returned to Bahrein from oil concessions amounted in 1945 to more than 26 lakh of rupees, or approximately $780,000, almost half of the total revenues of the Sheikdom.[1] For the year 1949, the amount of "oil royalties" was evaluated at $1,200,000. One-third of the royalties go to the Sheik and his family and the remaining two-thirds, to a fund held in London in the name of the Government of Bahrein.

In 1945 the Bahrein Petroleum Company estimated that its consolidated net profit for the year, after taxes and all other costs, would come to approximately $10,500,000. No dividends were declared during the year, earnings being applied to further expansion of operations. Profits in 1946 were estimated at $23,000,000. This was on a total investment of probably not more than 65 million U. S. dollars.

1. The total revenue of Bahrein amounted in 1944 to Rs. 55,90,000.

buyers visited the Gulf, and few, if any pearls were sent to Europe. 722 228

Owing to important developments in the Bahrein oil industry and war time public works, there was a great demand for labour. Not only manual labourers and skilled men, but any young Arabs with slight education could obtain well paid posts. M2

Many Bahreini invested their money in gardens and house property which resulted in a land boom. Axis broadcasts were forbidden in public places but most people listened to them in their houses.

To prevent any disturbances, very strong security measures were taken, and the police force numbered some 700 people.

The population sympathized with the Arabs of Palestine in their resistance to Jewish immigration, and in Bahrein, serious rioting broke out in answer to American stands concerning the partition of the Holy Land. Manama synagogue and scores of Jewish shops were wrecked and the Jews were beaten. At the same time, posters appeared on the streets at night denouncing Americans as the "foreigners who steal our oil." 645 722

To forestall any trouble, a Military Government was declared in Bahrein, and extraordinary precautions taken. These measures were resented by the Bahreini who complained to Persia.

The old quarrel over the ownership of Bahrein was revived, and the Cabinet decided on April 18, 1946, to charge taxes and royalties on oil entering Iran from Bahrein. The tax was fixed at $.80 a barrel, plus 20% of the annual net revenue of the Company, that is, the equivalent of the tax collected on the production of the Anglo-Iranian Oil Company in Iran. 648 651

At the end of 1947, a delegation from Bahrein arrived in Teheran. The delegation was headed by a very prominent Sheik who was to represent Bahrein at the Iranian Parliament. He was received in a secret session of the Parliament, but as he was not duly elected, according to Persian election laws, it was decided that Majlis could not take any step in regard to its admission. In the session of April 15, 1948, the Parliament

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
Bahrain M22

adequate motor-bus communications with most of the villages.

Manama is the shipping centre of the Gulf pearl industry,[1] and steamers connect regularly with India, Persia, and Iraq. Bahrain harbour is also the centre of a considerable coastal and pearling trade by dhows, as well as the local headquarters of its fishing industry. Other local industries are dhow-building and the manufacture of sailcloth and reed matting. Much of the import and export trade from al-Hasa and its hinterland passes through Bahrain, and this created an important source of revenue during the years in which Aramco was developing its oilfields on the Saudi coast. Lately, however, the Saudis have perceived the advantage of conducting this trade for themselves. By establishing a high-cost re-entry permit, they have discouraged the foreign staff of the oil company from doing its week-end shopping in Bahrain, and their policy is to increase the port and market facilities of the two Saudi coastal towns opposite the island—Damman and Al Khobar. In Bahrain there is a duty of 5 per cent ad valorem on essential imports such as food and clothing; non-essential imports are subject to higher duties, ranging between 15 per cent on tobacco and liquor, and 10 per cent on luxuries.

History and Foreign Relations

The presence in the northern part of Bahrain Island of numerous burial tumuli indicates very early human inhabitants, but their identity, which was at one time thought to be Phoenician, remains unknown. Bahrain's situation and natural harbour facilities suggest that from the earliest days of sea navigation in the Gulf the port was important. Its recorded history, however, dates only from 1507, when the Portuguese occupied the island. They built a fort of which the ruins survive, but were driven out in 1602 by an Arab invasion from Persia. Bahrain was held by Persia intermittently until 1783, when it was conquered by Arabs from the mainland. Since 1816 it has been ruled by the Khalifa family of the Utubi tribe, which in 1820 first entered into treaty relations with the East India Company. But the Persian Government has never ceased to claim sovereignty over the island and at intervals has protested against British treaties with the Shaikh. The Persian claim is based on a British Note of 27 April 1869 in which (the Persians allege)[2] Lord Clarendon recognized their title to sovereignty over the

[1] This has long been important, and in the 1830's the fisheries were estimated to bring in some £300,000 to £400,000 a year.

[2] The Persian claim was disposed of by Sir Austen Chamberlain in a Note of 18 January 1928. See League of Nations, *Official Journal*, May 1928, pp. 606–7.

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
Bahrain M 2 2

called 'Red Line' agreement of 1928,[1] was unable to agree to conditions that IPC was in a position to dictate; it therefore sold its option to the Standard Oil Company of California. After negotiations in which the British Government and the American State Department both took a hand, the Bahrain Petroleum Company (BAPCO), a subsidiary of Standard Oil, registered in Canada, was allowed to take up the concession provided that, to conform to Britain's prior agreements with the Shaikh, it employed a considerable number of British subjects. In 1936 the Texas Company acquired a 50 per cent interest in BAPCO. These details are given to explain why the present company is Canadian by nationality and American by management, and employs a large proportion of British staff. The two American companies concerned are two of the four participants in Aramco.

Oil was first discovered in Bahrain in 1932 and first exported in 1934. Production was suspended during the Second World War, but since then it has risen to a steady level of 11 million barrels per year. A refinery was erected before the war, and has (since the Abadan refinery ceased to put through its daily 550,000 barrels) been stepped up to a throughput of over 200,000 barrels per day; it includes a catalytic cracking unit for high octane fuel. It is fed both with BAPCO's own production of oil from the Bahrain field and by a 12-inch under-sea pipeline from Aramco's wells in Saudi Arabia. The jetty for loading tankers lies off Sitra Island on the seaward side of Bahrain Island itself.

Originally, the Shaikh enjoyed the same royalty rate as his neighbour in Kuwait—3 rupees and 4 annas a ton, or 14 cents a barrel. In 1951 reports of the new agreements reached by his neighbours caused him to ask for equality of treatment. In 1952, therefore, he signed a new agreement with the company which established the fifty-fifty profit-sharing arrangement now universal on the Gulf. He also enjoys a payment on each ton of Saudi Arabian oil passing through his territory to the refinery. His revenue has risen relatively less than that of his neighbours because the volume of oil produced in Bahrain has for some years been virtually stationary; nevertheless earnings from oil have risen from $1·4 million in 1948 to $3·8 million in 1951 and $6·3 million in 1952, and three-fourths of Bahrain's national income is now derived from petroleum activities. The social and economic changes brought about by this increased wealth are not so spectacular in Bahrain as elsewhere because

[1] See R. F. Mikesell and H. B. Chenery, *Arabian Oil* (Chapel Hill, University of N. Carolina Press, 1949).

5: Harrison D-4 (1912-1924) 1924 M1 Middle East
Maritime Arabs MK2
Kuwait MI 1
Bahrain MZ2

B. B 651 M 228

The nominal tax of a diver's share taken from each Kuwait boat by the Sheikh of that city is simply a tax collected from his citizens. The Bahrein Sheikh collects a small fixed charge from each boat, the amount depending upon the number of men it carries. The Persian Gulf is a British lake as far as police service is concerned, and the British administrators with their usual common sense and practical benevolence have forbidden the introduction of diving bells and dredges. As a result, the banks are worked solely by native boats. By the use of machinery and dredges, diving bells, and the like, undoubtedly the banks could be cleaned out in a few years with large profits to a few individuals, but it would mean the destruction of the whole diving community. The divers have much for which to thank Great Britain, although they do not realize it, much less appreciate it.

About five months are spent in the actual work of diving. Every three weeks or so the boat returns to the most convenient harbor to take on fresh water and food and to have the boat's bottom scraped. With these short intermissions the work is continuous throughout the entire season. The work is officially closed by order of the local sheikh on a certain day, so that the greedy captains cannot keep their men diving in water too cold to be safe. The captain then takes the season's catch to some pearl merchant, and sells it for whatever the market affords.

Not only are the pearl banks a free preserve maintained by the British for the Arab divers, but the markets where the pearls are sold are equally free. The Oriental is particularly unscrupulous in manipulating markets, and in India it sometimes happens that in spite of all the government can do, or at least in spite of all it feels at liberty to do, corners in food stuffs are engineered with sufficient success to bring much profit to the dealers and much suf-

nama, Muharraq and Hedd and the 3 villages of East and West Rafaa and Sakhir was less than 1 per cent. 161 165 163

Social Economy

Prior to the opening of the Bahrain oil fields, the economy of the islands was based upon pearl fishing and the transshipment of goods between Iran, India and other countries and the neighboring Arabian ports. The waters of the Persian Gulf contain famous pearl fishing banks, and, since ancient times, Bahrain has been recognized as the traditional center of the industry. It constituted the principal source of wealth for centuries, but it reached a low level in the 1920s, due in part to the competition of Japanese cultured pearls in the world markets. Early records are nonexistent, but the former Bahrain pearl fleets probably consisted of 600 to 1,000 vessels. The number has declined progressively: only 83 departed for the banks in 1950. In that year, about 2,000 Bahrainis were engaged in pearl fishing during the season from mid-April to October, undoubtedly a fraction of the total employed when the demand for pearls was at its height. 433 228 489 228

In previous decades, dhow building also was one of the major industries of Bahrain, but its decline has paralleled that of the pearl fisheries. Nine boats were constructed in 1949, as against 100 reported in 1928-29. 396

Today, oil is the foundation of Bahrain's prosperity. The royalties derived from the industry not only have bolstered the declining resources of the government, but have made possible the expansion of public works and social services. Operations are conducted by the Bahrain Petroleum Company, Ltd., which holds long-term concessions from the Sheikh of Bahrain for the development of the petroleum resources of the islands. Oil was discovered in the Jabal ad Dukhan region, near the center of Bahrain Island, in 1932, and production started in 1934. The proven reserves of this field are estimated in the neighborhood of 200 million barrels. The company also operates a 651 653 471 135 000

p. 257(A)

THE COMPANY ALSO OPERATES A
refinery on the eastern side of the island, 315
opposite Sitra. It was expanded in 1945, and 382
80 to 85 per cent of the crude oil processed
is now obtained by pipeline from Saudi
Arabia. The refined petroleum products are
pumped to storage tanks on Sitra Island,
and subsequently to a deep-water loading
terminal 3 miles offshore. Over 6,000 Bah- 464
rainis, as well as some 1,600 British and 651
Americans, are employed in different 185
branches of the industry. Two thirds of the
royalties accrue to the Bahrain government,
half of which are utilized for capital ex-
penditures designed to raise the standards
of living of the people. Reports for 1951
indicate that 68 per cent of the government
income was derived from oil revenues, as
against 26 per cent from customs receipts.

The renewed prosperity of the islands and 471
the concurrent growth in population have
stimulated private enterprise and the
growth of small factories to supply current
needs, particularly as regards building ma- 228
terials. Fishing is an important seasonal 241
occupation of many villagers, and pre-
served fish, fish oils and other fish products 312
are items of export. Agriculture plays a
minor role. Barely 5 to 10 per cent of the
total land area is under cultivation, and
further expansion is restricted by the nature
of the terrain, the concentration of water
supply in limited areas and a feudalistic 241
system of land tenure. Date gardens flourish 654
in oases on Bahrain, Muharraq and Sitra
Islands, but the supply equals less than one
quarter of the local requirements. The gov-
ernment is endeavoring to promote the in-
troduction of other crops, and maintains an
experiment station at Budaiya.

The sea approaches to the archipelago are 504
shallow, making it necessary for ocean ves- 505
sels and oil tankers to anchor 2 to 4 miles
from the shore. Bahrain and Muharraq,
however, have good harbors which accom-
modate dhows and other shallow-draft ves-
sels. Manama is an active trading center: 505
coastal traffic is more or less continuous,
while frequent steamer services are avail-
able to the northern Gulf ports and to India
AND PAKISTAN.

p. 257 (B)

64: Shwadran S-4 (no date) 1955 MI Middle East
Bahrein MZ 2

Chapter XV

BAHREIN

651
185 IN DISCUSSING IRAN, Iraq and Saudi Arabia, two basic differences were noted between the two former and the latter. The regimes of Iran and Iraq were not as completely autocratic as that of Saudi Arabia; the income from the oil, while very important and constantly increasing, was only one of many sources of income for the Government. In both countries the political leadership realized the importance of the oil revenue to long-range economic development and appreciated their own inability to envision and project plans for development, and they therefore invited foreign experts to prepare large-scale as well as long-range plans for the realization of the economic potentialities of their countries. The basic difficulty in both Iran and Iraq was implementation; both being sovereign and deeply suspicious of foreigners, especially Westerners, they would not voluntarily surrender their powers to foreign specialists to exercise supreme authority in the utilization of the oil revenue for development. They devised means within political-legislative limits and set up authorities to implement the plans prepared by the foreign experts. The limitations of the political leadership in control of these authorities—the Seven Year Plan Organization in Iran, and the Development Board in Iraq—hampered the successful achievement of the desired objectives.

Saudi Arabia differed from Iran and Iraq in two important aspects, and the problem of development became much more acute. Because the country was in a very primitive stage of development, it became almost exclusively (about 90 per cent) dependent on the income from oil. The absolutist King saw no need for foreign experts to work out a long-range program of development; whatever projects were undertaken were decided upon by the ruler, who could not by any stretch of the imagination be considered an economic expert with knowledge, training and experience in development.

64: Shwadran S-4 (no date) 1955 M1 Middle East
Bahrein MZ2

651 185 The British protectorates in the Persian Gulf present still another situation, and because of that the results of the development of these territories are different from those in Iraq and Iran as well as in Saudi Arabia. While in theory the sheikhdoms of Bahrein, Kuwait and Qatar are nominally independent, they are far from sovereign and are subject in different degrees and by different methods to British guidance and authority. While all three have become increasingly dependent on oil revenue for almost their entire governmental budget, the disposal of the revenue is subject to British control, exercised sometimes openly, sometimes subtly, and in consequence a good portion of the income has been used for the economic development of the territories. It should be underlined that this has been primarily due to the efforts and determination of outsiders rather than to the wisdom and foresight of the native rulers.

Bahrein

000 The sheikhdom of Bahrein is composed of a group of islands in the Persian Gulf, situated about fifteen miles off the coast of Saudi Arabia between the province of al Hasa and the Qatar peninsula. The capital, Manama, is on the main island; the second largest island is Muharraq. The islands, with a population estimated at 120,000 are ruled by the al Khalifah family. The traditional economic sources of income were pearling at Muharraq and trading for the Arabian mainland at the port of Manama.

648 Since December 2, 1880 the sheikhdom has been a British protectorate; on that date the Sheikh of Bahrein signed an agreement in which he declared: "I Isa Bin Ali Al Khalifah, Chief of Bahrein, hereby bind myself and successors in the Government of Bahrein to the British Government to abstain from entering into negotiations or making treaties of any sort with any State or Government other than the British without the consent of the said British Government, and to refuse permission to any other Government than the British to establish diplomatic or consular agencies or coaling depots in our territory, unless with the consent of the British Government."[1]

[1] Abbas Faroughy, *The Bahrein Islands (750-1951)*, (New York, 1951), 23. This was confirmed by a subsequent agreement on Mar. 13, 1892. *Ibid.*, 123-124.

64: Shwadran S-4 (no date) 1955 M1 Middle East
Bahrein MZ21

Royalties

471 The original concession called for 3 1/2 rupees per ton of
648 crude oil produced. This was equivalent to 14 cents per barrel, or $1.05 per ton, before the devaluation of the rupee in September 1949.[12] After the devaluation, and because of the general demands for higher royalties throughout the Persian Gulf region, Bapco increased the royalty to the Bahrein Government from 3 1/2 rupees to 10 rupees, approximately 29 cents per barrel, or about $2.10 per ton, effective as of January 1, 1950. In 1951 another supplemental agreement increased payments by an annual lump sum, and the following year, in line with the general tendency in the area, a 50/50 profit-sharing of net income from production and sale of oil was agreed on, effective as of January 1, 1952.[13]

651 The following table gives an approximate picture of the steady increase in royalties.

Table XIII. *Royalty Payments to Bahrein (selected years)*

Year	*In Dollars*
1933	8,800
1938	305,000
1940	1,000,000
1945	780,000
1946	1,200,000
1948	1,508,876
1949	1,500,000
1950	3,300,000
1951	3,800,000
1952	6,300,000
1953	6,500,000
1954	8,100,000[14]

Special Committee Investigating Petroleum Resources (Washington, 1946), 40; U.N., *Summary 1950-1951*, 22; George P. Stevens, "Saudi Arabia's Petroleum Resources," *Economic Geography*, XXV, 221, July, 1949; Faroughy, *The Bahrein Islands*, 43; *Le Commerce du Levant*, Oct. 15, 1954; DeGolyer and MacNaughton, *Twentieth Century Petroleum Statistics 1954*, 9; *World Oil*, CXL, 198, Feb. 15, 1955.

[12] U.N., *Summary 1950-51*, 37;—*Review 1951-52*, 61. Faroughy stated that royalty was 3 rupees and 8 annas plus one shilling per ton, *The Bahrein Islands*, 45. Adamiyat, who follows Faroughy closely, also gives the royalty as 3½ rupees and one shilling. Fereydoun Adamiyat, *Bahrein Islands. A Legal and Diplomatic Study of the British-Iranian Controversy* (New York, 1955), 200.

[13] U.N., *Summary 1950-51*, 37-38;—*Review 1951-52*, 61; Adamiyat, *Bahrein Islands*, 200; Economic Cooperation Administration, Special Mission to the United Kingdom, *The Sterling Area. An American Analysis*, 409.

[14] J.H.D.B., "Oil and Bahrein," *The World Today*, VII, 77, Feb., 1951; U.N.,

64: Shwadran S-4 (no date) 1955 M1 Middle East
Bahrein M2.2

Company Policies and Activities

471 In accordance with the conditions of the concession, laid
464 down by the British Colonial Office, Bapco employed a considerable number of Bahreinis in its undertakings, almost exclusively in the lower grades. The total number of employees in 1948 was 6,078, and of these 4,650 were local employees.
[161] While this was only 4.23 per cent of the total population, then estimated at about 110,000,[18] it was 76.5 per cent of the total employed by the company. The staff was increased in 1951 to 7,749, and of this number 4,937 were Bahrein nationals.[19] This drop in the percentage of native employees, from 76.5 to 64, was not the result of Company policy but was due to the greater demand for workers in the expanded oil-producing areas of the Gulf—Saudi Arabia, Kuwait and Qatar. Many Bahreinis, finding the wages offered in other areas more attractive, left their home islands, which made it necessary for Bapco to employ *more* foreigners such as Indians, Pakistanis, Persians and others. This created a peculiar phenomenon: educated and semi-educated Bahreinis sought work abroad, while destitute foreigners flocked to the islands.

471 In addition to direct payments in revenue and indirect pay-
466 ments in terms of wages and purchases of local materials for the operation of the concession, the Company contributed directly to many social and economic projects aimed at bettering the general conditions; these included housing, electric lighting, water supply, and sanitary facilities. It operated a hospital and clinics, and also subsidized the American Mission Hospital. In the field of education it assisted the Government's technical school for native boys; upon graduation students from that school were employed by the Company, which provided further mechanical training.[20] It also cooperated in many agricultural and irrigation projects.[21]

471 However, the impact of the oil industry on the people of
651 Bahrein came primarily from the utilization of the revenue from the oil. The oil payments were divided into three parts:

[18] Max Steineke and M. P. Yackel estimated the population at about 125,000, "Saudi Arabia and Bahrein," in *World Geography* (Princeton, 1950), 226.
[19] U.N., *Review 1949-50*, 60;—*Summary 1952-53*, 58.
[20] The Bapco training program is described by its vice-president, Russel M. Brown, "Schooling in Skills," *Oil Lifestream of Progress*, IV, 6-8, Oct., 1954.
[21] U. S. Senate, *American Petroleum Interests in Foreign Countries*, 288-289.

64: Shwadran S-4 (no date) 1955 M1 Middle East
Bahrein M22

one went to the Sheikh for the maintenance of his household and family; one was for current Government expenses and development projects; and one for investments abroad as a reserve for future contingencies. With the increase in income—directly from oil revenue and indirectly from customs duties—as a result of the Company's activities, Government services increased and a number of development projects were undertaken. By 1951 there were three hospitals on the islands—the American Mission Hospital and the Company hospital mentioned above, a Government hospital for men and women operated by a British staff, including a section for the mentally ill—as well as a number of municipal clinics. General health conditions were not good: malaria and other fevers and dysentery were prevalent; bilharzia, trachoma and hookworm took a heavy toll; and above all, a large proportion of the population was infected with venereal diseases. Medical services were supplied to every Bahreini free of charge.

Though there had been some educational facilities before the development of the oil industry,[22] it was not until 1934 that the Government engaged a number of Iraqi teachers and enlarged the facilities. By 1951 there were nine elementary schools, one secondary school, founded in 1940, and one school for girls opened in 1939, all tuition-free. The schools were staffed with 258 teachers, who instructed some 6,000 boys and girls. The Government, in conjunction with the Company, also provided scholarships to graduates of the secondary schools for study abroad.

The Government built roads, bridges, harbors and a large airport; water was supplied from artesian wells instead of being brought in by boat; and efforts were made to improve housing conditions. Though without a single newspaper in 1951, Bahrein had a broadcasting station, built in 1940 for Allied war purposes, a dial telephone system, forty miles of roads and 2,000 automobiles. Most of the streets of the main towns were electrically lighted, and a sewerage system had been installed. The net result was a higher standard of living for the Bahreinis, not only in comparison with their own pre-oil standard, but also with the people of the neighboring states.[23]

[22] In 1926 there was one school for boys only, and it was poorly attended. James Bell, "He Said Forward! to the Backward," *Life*, Nov. 17, 1952.
[23] U.N., *Summary 1952-53*, 58-59; Sanger, *The Arabian Peninsula*, 148-149;

64: Shwadran S-4 (no date) 1955 MI Middle East
Bahrein MZ2

652 651 There have also been other implications. The Sheikh, the Government and the people have become increasingly, in fact almost exclusively, dependent on the oil. In 1932 the entire government budget was about $143,600; in 1951 the total government revenue was $5,271,000, of which approximately 61 per cent came from oil and 34.9 per cent from customs duties,[24] which must be considered an indirect result of the oil industry. In 1953 the Government revenue was derived 68 per cent from oil, 24 per cent from customs duties, and 5 per cent from interest on the reserve fund.[25] The oil boom also created inflationary pressures which caused many Bahreinis to seek employment in other oil-producing areas in the Gulf. Because of its central location, the I.P.C. subsidiary, Petroleum Concessions Ltd., which held concessions in Qatar and on the Trucial coast, had made its Gulf headquarters in Bahrein and built large offices and houses for its staff. Bahrein had become a resort and shopping center for the oil employees, especially Americans and Europeans, in Saudi Arabia and Qatar. These not only added to the inflationary pressures, but so greatly increased the social vices of gambling, drinking, prostitution and their concomitants as to cause grave concern to those responsible for the health and welfare of the population.[26]

[464] 458 471 178

185 The Bahrein islands are limited in area and in resources; oil, in a more definitely limited quantity than that of any of the other areas in the Gulf, is the only resource supporting the Sheikh, the Government and its extended services, and also to a considerable degree the people at large. Though perhaps originally a little more advanced than some of their neighbors, the people of Bahrein, prior to the discovery of oil, had a low standard of living and consequently a very low standard of governmental and social services. When the pearling industry suffered a serious setback as a result of the world depression and the development of cultured pearls, Bahrein was in a desperate situation. With the arrival of the Bahrein Petroleum Company,

6N2

aroughy, *The Bahrein Islands*, 20 *et passim*; "Oil and Bahrein," *The World Today*, VII, 77-79, Feb., 1951; Bell, *loc. cit.*

[24] Bahrain Petroleum Company, Limited, *Bahrain 1952* (pages not numbered).

[25] Angus Sinclair, "The Resources and Their Potentialities. III, Petroleum and Minerals," in *Middle East Resources Problems and Prospects* (Washington, 1954), 46. The 68 per cent of the revenue directly from oil did not include the one-third which went to the Sheikh.

[26] "Oil and Bahrein," *The World Today*, VII, 79, 81-83, Feb., 1951; Faroughy, *The Bahrein Islands*, 20 *et passim*.

64: Shwadran S-4 (no date) 1955 Ml Middle East
Bahrein MZ2

Thus the profits of Bapco and Caltex, on an initial limited capitalization of $100,000 and $1,000,000 respectively, though not as fabulous as those of Saudi Arabia, were exceptionally high. In spite of the various measures undertaken by the Company to assist the Bahreinis to improve their standard of living, the latter actually received only a very small portion of the income from the oil, compared with the Company's profits. Only after the 1952 profit-sharing arrangement did Bahrein begin to get a little larger share of the profits from the production and sale of crude. But, since all the oil produced by Bapco was sold to its subsidiary, Caltex, for marketing, the price of Bahrein oil was not that of the open market, but was arbitrarily established by the parent company and the marketing subsidiary. The basis for the calculation of the profits was therefore narrow.[33]

[33] Iran claimed sovereignty over Bahrein and continuously challenged the British rights to the islands. The Iranian Government tried to bring the case to the League of Nations; it protested against the granting of the concession to Standard of California, and during the oil nationalization period agitated for the return of the islands. A voluminous literature has grown up on the subject. Two complete studies which present the Iranian case are those mentioned above: *The Bahrein Islands*, by Faroughy, and *Bahrein Islands*, by Adamiyat. The Iranian Government's note to the League of Nations claiming sovereignty over the islands, which was circulated to all the members of the League, and the British reply, are in League of Nations, *Official Journal*, 9th year, 1928, 1360-1363;—*Official Journal*, 10th year, 1929, 351, 790-793. See also *P.D.C.*, 213, col. 843, Feb. 15, 1928; *P.D.L.*, 81, col. 418, June 25, 1931; *P.D.C.*, 300, col. 776, Apr. 8, 1935. For the protest note to the United States on May 22, 1934, see Arnold J. Toynbee, *Survey of International Affairs 1934* (London, 1935), 221-224. For a more recent study, see Majid Khadduri, "Iran's Claim to the Sovereignty of Bahrein," *American Journal of International Law*, XLV, 631-647, Oct., 1951.

30: Gt. Britain G-5 (ca. 1918) 1920 MJ1 Saudi Arabia
BAHRAIN MZ2

228 pearl-trade during the war. Sea fisheries are also extensive, the fish being taken in nets and in tidal weirs or enclosures (*hadhrahs*) made of reeds, some of which surround large areas in the shallow waters round the coasts; 500 lb. of fish a day were supplied without
241 difficulty to the Indian Expeditionary Force in 1914. Agriculture is carried on by irrigation, the chief products being fruit (dates, citrons, limes, melons, figs, &c., but few of the first quality), lucerne, and a few vegetables; a great belt of date-groves on Bahrein Island runs S. from Manāmah to the village of Būri, a distance of about
231 7 miles. Domestic animals include about 2,000 donkeys, less than 100 horses owned by the Sheikh and his family, about 100 camels, chiefly used in carrying water to Manāmah for sale, and a small but fine local breed of cattle, in high repute for their milking qualities. Of the donkeys, some 200 are of the famous breed imported from Hasa, from 12 to 13 hands, and white in colour.

433 The chief handicrafts are sail-making, weaving of abbas, lungis, and checked sheeting, and the manufacture of mats from Hasa reeds. Palgrave described the *Bahārinah* as excelling in the crafts of the weaver, the tailor, the dyer, and the worker in metal, wood, or leather. Boat-building, with timber imported from India, employs about 200 carpenters; Bahrein builders can turn out an excellent forty-ton boat in less than a month. Many boats are sold to purchasers in El-Qatar and Oman.

504 Trade at the port of Manāmah was for years hindered by the unsatisfactory arrangements for handling cargo, distribution being
439 delayed, and goods left to deteriorate without any proper protection. In 1910 the control was given to a European, but in the following year native sentiment demanded native control, and two Arabs were appointed, with lamentable results. Since then matters have improved; a Hindu has been placed in charge, and the construction of a jetty and storage-shed has modified the worst of the
•[651] former defects. The Sheikh is entitled by treaty to an *ad valorem* duty of 5 per cent. on merchandise. Bahrein is the principal market for the pearl-industry, the export of pearls in a good year attaining about £2,000,000. But it is also an important emporium for the east coast of Arabia, distributing merchandise from India and from countries bordering on the Persian Gulf, to El-Qatar, Qatīf, and 'Oqair, from which last two ports goods are carried into the oases of Hasa and Qatīf, and beyond into southern Nejd. This local trade is carried in native boats without manifests, so that exact statistics cannot be obtained.

439 The total average imports of Manāmah for the three years 1911–14 amounted to £2,061,038, and exports £2,106,766. During the